

Highlights of ARRA Funding Opportunities for Districts

By now, most school districts are aware that additional IDEA and Title I funding will be provided to them for two years under the stimulus funding.

Other funding streams and tax incentives will be available to local districts. Some funds will be distributed by the U.S. Department of Education through existing programs and, under the State Stabilization Fund, new funding streams are being created.

Funds Distributed Through Existing Programs

Click on the links below to learn more about each funding stream. We will update these with the latest information as it becomes available.

IDEA: Special Education

ESEA, Title I

School Improvement Programs: Educational Technology State Grants

Impact Aid

Statewide Data Systems

Education for Homeless Children and Youth

Innovation and Improvement—Teacher Incentive Fund

State Stabilization Funds

Tax Provisions for Qualified School Construction and Modernization Bonds

New Funds Distributed Through the State Stabilization Fund

Click on the links below to learn more about each funding stream. We will update these with the latest information as it becomes available.

State Grants

State Incentive Grants

Innovation Fund

Funds Distributed Through Existing Programs

IDEA: Special Education

\$12.2 billion is to be distributed through IDEA Part B state grants (\$11.3 billion), IDEA Part B preschool grants (\$400 million), and IDEA Part C infant and toddler grants (\$500 million).

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ESEA, Title I

\$13 billion has been allocated to flow through Title I of ESEA.

Title I programs provide financial assistance to Local Education Agencies (LEAs) and schools with large numbers or high percentages of poor children to help ensure that all children meet challenging state academic standards. Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state.

- \$5 billion for targeted state grants that are weighted so that LEAs with larger numbers or higher percentages of poor children receive more funds.
- \$5 billion for Education Financial Incentive Grants to states based on factors that measure (1) a state's financial support for education as a percentage of its wealth as measured by its per capita income and (2) the degree to which education expenditures among LEAs within the state are equalized.
- \$3 billion for subgrants to LEA for school improvement grants. This funding is for states to support schools in improvement, corrective action, and restructuring—specifically to build local education agency capacity for improvement. **Although many states have received funding for 2007 and 2008, a new application will be required for this funding. While the application form has not yet been released, it is likely to emphasize middle and high school improvement. Each state determines how it will distribute the funds to schools and districts. In some cases, states issue requests for a proposal; in others, the money is provided directly to schools and districts. Check with your state education agency for details on accessing this funding.**

School Improvement Programs: Educational Technology State Grants

This fund contains \$650 million for improving student achievement through the use of technology in elementary and secondary schools. Money will be distributed by the states. Half the money must be distributed by formula, the remaining half (less 5 percent for state activities) will be bid competitively. Check your state website for more information. [Click here](#) to see the amount allocated to your state.

Impact Aid

This \$100 million is for emergency repairs and modernization of schools. Allocation of the funding will be based on Section 8007, Title VIII, ESEA. The department will distribute 40 percent of the funds through formula grants and the remaining 60 percent of the funds through competitive grants.

Statewide Data Systems

This fund contains \$250 million for competitive grants to states. While local districts are not eligible, your state may access funding to improve its data system.

Education for Homeless Children and Youth

\$70 million in grants will be made available for which states may compete; the eligible award amounts will be based on the homeless student population in the state. States must competitively bid this funding to LEAs.

Innovation and Improvement—Teacher Incentive Fund

This fund includes \$200 million for a combination of federal, state, and local projects to implement performance-based compensation systems for teachers and principals in high-need schools. \$99 million must be used for competitive grants to LEAs.

New Funds Distributed Through the State Stabilization Fund

The funds for states and school districts under the State Stabilization Fund are divided into three sections and will be distributed through the governor of each state.

1. State grants: \$48.3 billion allocated for formula distribution through the governor's office.
2. State incentive grants: \$4.3 billion distributed competitively by the secretary of education upon approved and selected applications from the governor's office.
3. Innovation Fund: \$650 million distributed competitively by the secretary of education to LEAs.

State Grants. This funding is designed to compensate for shortfalls in revenues that states and local school districts are currently experiencing. A total of \$48.3 billion is in this category. \$39.5 billion of the total comprises an education fund and the remaining \$8.8 billion is dedicated to other government services. The moneys under the education fund must be distributed to local districts and public universities through existing state distribution formulas for any activity authorized by any of the following:

- Elementary and Secondary Education Act of 1965 (ESEA)
- Individuals with Disabilities Education Act (IDEA)
- Adult and Family Literacy Act
- Carl D. Perkins Career and Technical Education Act of 2006 (the Perkins Act)
- Modernization, renovation, or repairs of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

A local education agency may not use funds received under this title for any of the following purposes:

- Payment of maintenance costs
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public
- Purchase or upgrade of vehicles
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities

There could be some relief for your district through the \$8.8 billion allocated for other government services. Visit your state's websites posted under our [state resources section](#) to understand how the funds will be distributed. States will be updating their sites regularly, so check frequently for information.

State Incentive Grants. \$4.3 billion is available to the U.S. Department of Education to distribute to states upon the submission of applications that demonstrate how the funds will be used for any of the following purposes:

- Achievement of equity in teacher distribution
- Improvements to collection and use of data
- Standards and assessments
- Support for struggling schools

Innovation Fund. \$650 million will be distributed by the Department of Education in the form of academic achievement awards. These awards will be available directly to local districts, consortia of local districts, and local districts in partnership with not-for-profit organizations. The U.S. Department of Education will announce a formal application process for disbursing the funding. To be eligible, districts need to have demonstrated success in closing achievement gaps, improving achievement, or improving in other areas (such as graduation rates and placement of highly qualified teachers) or they need to have a partnership with a private or philanthropic organization that will be contributing matching funds to bring the results to scale. The funds are intended to be used to achieve one of the following results:

- Allow such eligible entities to expand their work and serve as models for best practices
- Allow such eligible entities to work in partnership with the private sector and the philanthropic community
- Identify and document best practices, as demonstrated by documented success, that can be shared and taken to scale

Tax Provisions for Qualified School Construction and Modernization Bonds

Many were hoping for direct construction funding for schools. Although that did not happen, the stimulus does provide a new tax credit for bonds for construction or repair of public school buildings or for the acquisition of land. It also provides an additional \$2 billion for qualified zone academy bonds. A total of \$24 billion in qualified bonds can be issued by state and local governments over two years.