

Summary of a Conference Call Relating to U.S. Department of Education Guidance on the Use of American Recovery and Reinvestment Act Funds

Prepared by Trish Brennan-Gac and Amy Potemski, Learning Point Associates

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Host Organization: U.S. Department of Education
Event: Conference Call
Date: Wednesday, April 1, 2009
Presenter(s): Karen Stratman-Krusemark, Senior Advisor to Secretary Duncan,
U.S. Department of Education (Facilitator)
Tony Miller, Consultant, U.S. Department of Education
Jon Schnur, Consultant, U.S. Department of Education
Joe Conaty, Acting Assistant Secretary for Elementary and Secondary
Education, U.S. Department of Education

On April 1, 2009, the U.S. Department of Education (ED) released the first wave of funds under the American Recovery and Reinvestment Act (ARRA) as well as additional guidance and other materials. The following paragraphs, describing a table relating to ARRA information, are posted on ED's *Budget News* website (<http://www.ed.gov/about/overview/budget/news.html#ARRA>):

“A table (last updated 04/01/2009) shows the **Initial Release of Recovery Act Funds, by State** in [PDF \[14KB\]](#) and [MS Excel \[44KB\]](#). Initial funds for the following programs were released April 1, 2009, to States that submitted the certification required by section 1607(a) of the Recovery Act:

- ESEA [Elementary and Secondary Education Act] Title I Grants to LEAs [Local Education Agencies]
- IDEA [Individuals with Disabilities Education Improvement Act] Parts B and C
- Rehabilitation Act State Grants
- Independent Living State Grants
- Services for Older Individuals Who Are Blind

The initial release of State Fiscal Stabilization Funds, also shown on the table, will occur within 2 weeks of approval of a State's application for these funds.”

Highlights:

- The opportunity for public comments on the metrics that will be published in the *Federal Register* will remain open for comment for a period of 30 days.
- States will not have to demonstrate progress on the assurance to receive the second round of stabilization funds. However, they will have to show efforts to implement systems to achieve progress. This approach will provide a foundation for future funding and opportunities, such as with the reauthorization of ESEA.
- ED will soon release guidance on allowable uses of funds that will provide more guidance and examples.

Summary

Karen Stratman-Krusemark hosted and moderated the phone call. The goal of the call was to provide an overview of guidance for use of the ARRA funds. Tony Miller presented three core themes from the guidance:

- **Drive reforms and transparency.** It is important to use the money to drive reform but also make clear to the public how the money is being spent.
- **Save and create jobs.** Money should go out quickly and be spent wisely to protect teaching jobs in the short term as well as invest in the future.
- **Ensure investment in education.** Addressed questions regarding to what degree education budgets could be cut and then stimulus dollars back-fill. Intent to use for education.

Jon Schnur discussed the idea of advancing reforms in further detail. The administration's perspective is that the No. 1 question at the end of two years is: *Are our children and the nation better off?* **The more that states and districts and provide leadership to seize, not squander, this opportunity, the better off we all will be in the long term.** If we advocate for more education funding, Congress will look at what was done with this money.

Schnur also mentioned assurances that are in place for the following four topics: teacher effectiveness and equitable distribution, standards and assessments, support for struggling schools, and data collection. He indicated that metrics will be published in draft form in the *Federal Register*.

Learning Point Associates, on its *State Fiscal Stabilization Fund (SFSF) Assurances* webpage (<http://www.learningpt.org/recovery/assurances.php>), has detailed information to help states and school districts address these assurances, which will be the core issues defining the administration's education reform efforts. Information is provided for each of the four topics:

- Teacher effectiveness and equitable distribution
(<http://www.learningpt.org/recovery/TeacherEffectiveness.php>)
- Standards and assessments
(<http://www.learningpt.org/recovery/StandardsAndAssessments.php>)

- Support for struggling schools
(<http://www.learningpt.org/recovery/StrugglingSchools.php>)
- Data collection
(<http://www.learningpt.org/recovery/DataCollection.php>)

Points of Interest: Questions From Conference Call Participants

Following are questions from 18 educators who participated in the conference call.

Jeff Simering, Council of Great City Schools

Q: In the IDEA Guidance (D-7), there appears to be an obligation on the part of the school districts to secure a certificate of compliance to reduce the maintenance of effort provision. What is the obligation on school district when the statutes require this from the states, and will it make it more difficult for schools districts to get certification of “meets requirements”?

A: Jon Schnur will follow up on this question, because of the level of specificity needed to answer.

Administrator [Name Not Clarified], Leon County (FL) School District

Q: Can you clarify the difference between two sections in the CFR [Code of Federal Regulations]? The first indicates that you can reduce maintenance of effort funds by 50 percent from one fiscal year to another. However, another section indicates that you can only spend up to 15 percent of your budget, including funds under maintenance of effort. In reading the Appendix, it seems that districts can be penalized for early intervention services.

A: If you look to Appendix B of the Q&A section, there are regulations provided, with specific mathematical examples. There is a complicated relationship between the two provisions. The regulations are a disincentive for early intervention services, but this is what the law requires.

(A participant followed up by suggesting that ED ask Congress to suspend the section. ED responded that participants should look to maintenance of effort flexibility and use local funds for early intervention services.)

Mary Kusler, American Association of School Administrators (AASA)

Q: Regarding transparency, what guidance will ED provide to the states on how funds need to be accounted for at the local level? It seems that states will need new codes to account for the ARRA funds, beyond the Title I and IDEA funds that will come under fiscal year 2009, requiring two sets of books.

(She also commented that it is easier to do the accounting on the front end, not the back.)

A: Yes, they have issued award documents with separate numbers because of the different reporting requirements in the statutes, which creates a greater degree of burden and a lack of

specificity. However, OMB [Office of Management and Budget] is taking the lead on reporting requirements (for all programs, not just education) and issued new guidance this morning. OMB is trying to balance useful information with minimum burden.

(Note: The above question is one that most states are really grappling with: how to track these dollars, be transparent, and comply with the accountability needed.)

Joel Packer, National Education Association

Q: *In the letter to the governors regarding the metrics, it appears that states simply have to collect and report data; but there are no specific requirements to measure progress.*

A: Governors must sign assurances regarding the use of funds. The metrics reported currently are the draft form of metrics to be included in federal regulations. The metrics do require transparency by states on specific issues. While certain data may not be available, governors must submit a serious plan that shows how the metrics will be put into place so that eventually data can be provided. In addition, there are other initiatives that will relate to the progress made on these metrics, such as “Race to the Top” funds and the reauthorization of ESEA.

Data systems are treated a little differently in the regulations. This is really going to be a test of data systems: Will teachers be able to get useful reports to judge progress in student learning? In order to have transparency, the data system needs to be in place.

Q: *It appears that one only has to do this for FY '09 and '10 funding. Since there are a few states that do not have shortfalls, can they go ahead and distribute funds through Title I?*

A: States must demonstrate they will not have a shortfall in FY '11.

Jim Kohlmoos, Knowledge Alliance

Q: *How do school districts know what to do with the money to have the kind of impact you are suggesting? Compliance is one thing, effective use is another.*

A: The funds should be used to have an effective impact on kids. A separate document will be released that provides examples on the use of funds to improve student outcomes. This should come out in a couple of weeks. In addition, there are multiple nongovernmental efforts putting out similar information.

Antonio Flores, Hispanic Association of Colleges and Universities

Q: *There was language in the House version of the bill that did not make it into the Senate version regarding preferential treatment for minorities serving institutions. Was this kept in the final version of the bill?*

A: This was not included in the final statutes. There is nothing set aside or special treatment for those institutions. The SFSF will provide some funding that can be used for this.

Gary Phillips, American Institutes for Research (AIR)

Q: Will there be a separate document on “Race to the Top,” including international benchmarking?

A: In early June, an RFP will come out for states to apply for “Race to the Top” funding.

Q: Will materials be released prior to that that will share expectations of ED?

A: Nothing will go through public comment process, but ED hopes to share information as it is being developed. If groups want to provide input, send an e-mail to either Karen [Stratman-Krusemark] or Adam [Honeysett] and they will get it to the right person.

Kristen McNeil, Washoe County (NV) School District

Q: How much input do legislators have with the applications?

A: The governors complete applications, which means state legislators have no role. However, proposed actions must be consistent with state law.

Paul Lingenfelter, State Higher Education Executive Officers (SHEEO)

Q: Some SHEEO members have asked about a cap on total spending. Is it possible to exceed that cap in state and federal funds, in order to reduce or eliminate tuition increases?

A: A state must restore levels of state support. This means that any funds that remain at the end of FY '09 are carried over for calculations for FY '10 and '11. The calculations do not dictate when funds are released or when they are to be used.

Melissa [Name Not Clarified], Knox County (TN) Schools

Q: Will there be another opportunity to have a Q&A after we've had a chance to review all these documents further?

A: Absolutely.

Neil Bomberg, National League of Cities

Q: What flexibility is available for states and localities for government services? As we understand it, states can use funds for other essential purposes; however, as one continues to read, it appears that ED was severely limiting the authority to use for purposes other than education.

A: The Department is not limiting the use of funds.

Aimee Guidera, Data Quality Campaign

Q: How long will the comment period be regarding the metrics?

A: We anticipate a 30-day period.

Carol Grady, Gwinnett County (GA) Public Schools

Q: In relation to funds under Title I, it looks like states apply these funds and that LEAs can ask for a waiver. Are requests for waivers to states or ED?

A: LEAs have the right to apply directly to ED for funding, but they must have their state comment on them. We are exploring the possibility of state roles to ease burden on LEAs.

William Clark, New Haven (CT) Board of Education

Q: Is there any way for districts that have already expended money for student data-driven information systems to recapture those funds from the ARRA?

A: The intent of the SFSF is to move forward and meet the immediate needs of school districts to help prevent layoffs and drive education reform.

Kristen McNeil, Washoe County (NV) School District

Q: Is impact aid an allowable use of funds?

A: Yes, but there are very stringent accountability and reporting requirements if you do use funds for impact aid.

Ricardo Medina, Association of Latino Superintendents and Administrators

Q: Area legislators are telling teachers at rallies that SFSF funds can be used to bring back teachers. My understanding is that Title I and IDEA funds have regular rules and constraints and they can't be used to back-fill teachers. Are we being misled to back-fill cuts that have already been made?

A: This is very important to understand: Title I and IDEA are about bringing additional investments to school systems. SFSF was created for this purpose and made flexible to avert cuts and layoffs of school employees. If there is any concern about the use SFSF funds for that purpose, it is not correct. It is the LEA's choice to use those stabilization funds. Question 3 in the Q&A section addresses those issues.

Jack Jennings, Center on Education Policy

Q: For clarification: With SFSF, you explained that school districts can hire back teachers.

A: Yes, the guidance includes statutory prohibitions—what this money can and cannot be used for.

David Rossi, Esperanza Academy Charter High School (Philadelphia)

Q: *Concerning charter schools specifically, how is ED holding charter schools accountable? In my school, they are not receiving funds.*

A: All kids need to be served fairly, whether they are in public or charter schools. States will be considered out of compliance with the law if they submitted an application but did not plan to include charters schools as an LEA.

Adele Robinson, National Association for the Education of Young Children

Q: *Is 2004 guidance on joint professional development and early childhood still valid?*

A: Yes, but more guidance will be issued. ED encourages the use of stabilization funds for early childhood, even if pre-K is not considered for education funding under state law.

Where to Find More Information

In a few weeks, another document on use of funds will be available on ED's *American Recovery and Reinvestment Act of 2009* website (<http://www.ed.gov/policy/gen/leg/recovery/index.html>).