

**Questions and Answers from the  
April 8, 2009, Webinar:  
Leveraging Stimulus Funds for  
Lasting Change  
Part 1**

**April 2009**



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Learning Point Associates hosted a webinar on April 8, 2009, titled “Leveraging Stimulus Funds for Lasting Change.” Participants submitted more than 200 questions prior to and during the webinar. Those questions and answers have been grouped together by theme.

The themes below include:

- The Appropriate Use of Stimulus Funds
- The Use of Funds for Administrative Purposes
- The Appropriate Uses of Title I and IDEA Funds
- The Appropriate Use of Funds for Salaries
- Guidance About Maintenance of Effort, Supplement and Supplant
- The Timing of the Disbursement of Funds
- The Four Assurances

Learning Point Associates will release a second document that answers the questions submitted around funds for data systems, student achievement, private schools and community organizations, governor and state issues, technology, afterschool, high schools, English Language Learners, investments for long-term gains, renovation and construction and Race to the Top funds. This document will be available in early May online at <http://www.learningpt.org/recovery/district.php>.

## **Questions About Appropriate Use of Stimulus Funds**

Participants submitted many questions requesting specific guidance from the federal government and states to clarify the appropriate use of stimulus funds. The U.S. Department of Education (ED) is working diligently to meet the timetables set by Congress for the distribution of funds and to provide appropriate guidance. Learning Point Associates is sponsoring the Education Recovery and Reinvestment Center (ERRC) (<http://www.learningpt.org/recovery>) to help education stakeholders throughout the country as they work to understand this guidance and put these funds to good use.

ED has instructive information on their website. Many of these materials provide concrete examples of how these funds can be used:

- Fact sheets and guidance for the various programs funded under the American Recovery and Reinvestment Act (ARRA) can be found on the ED website at <http://www.ed.gov/policy/gen/leg/recovery/index.html>.
- In addition, each federal program has regulations and other materials that provide examples of the appropriate uses of these funds. These pages offer additional direction to states and school districts on how these funds can be used:
  - Title I, Part A: <http://www.ed.gov/programs/titleiparta/index.html>
  - Title I School Improvement Fund: <http://www.ed.gov/programs/sif/index.html>
  - Impact Aid: <http://www.ed.gov/about/offices/list/oese/impactaid/whatisia.html>

- Educational Technology State Grants (Ed Tech): <http://www.ed.gov/programs/edtech/index.html>
- Homeless Children and Youth Education (McKinney-Vento): <http://www.ed.gov/policy/elsec/leg/esea02/pg116.html>
- Teacher Incentive Fund: <http://www.ed.gov/programs/teacherincentive/index.html>
- Teacher Quality Enhancement Grants: <http://www.ed.gov/programs/heatqp/index.html>
- IES Statewide Longitudinal Data Systems Program: <http://nces.ed.gov/Programs/SLDS/>
- IDEA Parts B and C: <http://idea.ed.gov/>

To help education stakeholders navigate the complexities of ARRA and the distribution of funds and requirements articulated in the law and by ED, Learning Point Associates has created several useful resources for states and districts:

- Our side-by-side document (see <http://staging.learningpt.org/recovery/StimulusSide-By-Side.pdf>) organizes the information in the law and ED’s guidance into an easy-to-follow table. This document is updated regularly as new guidance is issued and new information becomes available.
- In partnership with ED, the National Comprehensive Center for Teacher Quality (TQ Center) and Great Lakes East and Great Lakes West Regional Comprehensive Centers at Learning Point Associates, we will be developing resources that specifically address how states and districts can use stimulus funds. As this information becomes available, it will be posted to the ERRC (see <http://www.learningpt.org/recovery>).
- One of the goals of the ARRA is to promote four key reform areas: teacher effectiveness and equitable distribution; data collection; standards and assessment; and support for struggling schools. ED is expecting that states and districts will use ARRA funds to make progress in these areas. Soon, ED will release draft metrics that will be open for public comment, and we will post them on our website when they become available. To help states and districts understand what they can do to make progress in these areas, the ERRC contains detailed information on the State Fiscal Stabilization Fund (SFSF) Assurances page (see <http://www.learningpt.org/recovery/assurances.php>).
- As states begin to release their guidance to districts, we will post this information on our State Resources page (see <http://www.learningpt.org/recovery/state.php>). Many states already have provided detailed and useful information that is posted at this page.

## **Questions About Use of Funds for Administrative Purposes**

ARRA allows states and districts limited use of funds under the existing federal programs for administrative and technical assistance. The side-by-side document developed by Learning Point Associates identifies which programs allow for set-asides for administrative purposes (see <http://staging.learningpt.org/recovery/StimulusSide-By-Side.pdf>).

The guidance for the use of Title I funds states in Question A-2, that there is a *five percent reservation for administration, evaluation and technical assistance under section 1003(g) of the ESEA*. Furthermore, guidance is provided in Question B-22, which addresses whether a state can reserve funds for administration. A state can do so if the total amount a state education agency (SEA) reserves for state administration does not exceed the amount permitted under section 1004(b) of the Elementary and Secondary Education Act (ESEA) (see p. 23 for more detail: <http://www.ed.gov/policy/gen/leg/recovery/guidance/title-i.pdf>.)

The guidance from ED regarding SFSF clearly states that “Government Services” funds can be used for administrative purposes:

IV-2. May a Governor use part of the State’s Government Services Fund to support administrative costs associated with implementing the ARRA, including costs related to monitoring subgrantees and complying with the ARRA reporting requirements?

Answer: Yes. These types of activities are allowable as “other government services” (see Section 14002(b) of ARRA and <http://www.ed.gov/programs/statestabilization/guidance.pdf>, p. 31)

## Questions About the Appropriate Uses of Title I and IDEA Funds

ED recently posted guidance on the distribution and use of Title I and IDEA funds. In briefings held in conjunction with the release of this guidance, ED indicated that a document will be released that provides further ideas about activities that can be funded with these dollars. As soon as this information is released, it will be posted on the ED (<http://www.ed.gov>) and ERRC (<http://www.learningpt.org>) websites. The guidance and websites for each program contain useful examples of how these funds can be used.

Guidance can be found for each program at:

- [Title I, Part A, Recovery Funds for Grants to Local Education Agencies Fact Sheets](#)
  - [Title I, Part A, Recovery Funds Guidance](#)
- [Individuals with Disabilities Education Act \(IDEA\) Part B, Fact Sheet](#)
  - [IDEA, Part B, Guidance](#)
- [IDEA, Part C, Fact Sheet](#)
  - [IDEA, Part C, Guidance](#)

Published materials for each program are located on the ED website:

- Title I: <http://www.ed.gov/programs/titleiparta/index.html>
- IDEA Parts B and C: <http://idea.ed.gov/>

In partnership with ED, TQ Center, and Great Lakes East and Great Lakes West, Learning Point Associates will develop resources that specifically address how states and districts can use stimulus funds. As this information becomes available, it will be posted to the ERRC website (see <http://www.learningpt.org/recovery>).

## Questions About the Appropriate Use of Funds for Salaries

In recently released guidance, ED addresses the issues of using stimulus funds for salaries and other functions:

- Guidance for the SFSF squarely acknowledges that, among other things, the Education Stabilization funds may be used for activities such as paying the salaries of administrators, teachers, and support staff (see <http://www.ed.gov/programs/statestabilization/guidance.pdf>, p. 20).
- Guidance for Title I funds in Question A-1 states that four principles guide the distribution and use of ED’s ARRA funds, including the Title I, Part A funds: spend funds quickly to save and create jobs. Question E-2 addresses quarterly reporting requirements and indicates that states will be required to provide *an estimate of the number of jobs that were saved or created with those funds* (see <http://www.ed.gov/policy/gen/leg/recovery/guidance/title-i.pdf>).
- Guidance for IDEA funds addresses salaries in Question C-6: Under IDEA, section 613(a)(2)(A)(ii) (34 CFR §300.202(a)(3)) (supplement/not supplant), Part B funds must be used to supplement state, local, and other federal funds (used for providing services to children with disabilities). If the local education agency (LEA) maintains or exceeds its level of local, or state and local, expenditures for special education and related services from year to year, either in total or per capita, then the Part B funds are, in fact, supplementing those local, or state and local, expenditures and the LEA has met its maintenance-of-effort (MOE) and supplement/not supplant requirements.
  - Prior to 1992, the Part B regulations also included a “particular cost test” for determining whether supplanting occurred. This requirement meant, for example, that if an LEA spent Part B funds to pay for a teacher’s salary that was previously paid for with state or local funds, a supplanting violation would occur, even though the total amount of state and local funds spent on special education is greater than the amount spent the previous year. At that time, an LEA could maintain effort but still violate the supplement/not supplant provision. The “particular cost test” was removed from the regulations by an amendment published in the Federal Register on August 19, 1992 (37 FR 37652), which became effective October 3, 1992. Therefore, no requirement currently exists related to supplanting “particular costs” and if an LEA maintains local, or state and local, effort, it will not violate the supplement/not supplant requirements of the IDEA (see <http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>).

## Guidance About Maintenance of Effort, Supplement and Supplant

ED released detailed guidance for each program funded by ARRA. Below are the specific topics addressed in the guidance regarding maintenance of effort and supplement/not supplant issues.

**State Fiscal Stabilization Fund Guidance on Maintenance of Effort and Supplement Not Supplant:** (see <http://www.ed.gov/programs/statestabilization/guidance.pdf>)

- The specific MOE requirements that apply to the stabilization program.
- Whether ED requires a state to provide MOE data in its annual stabilization program reports.
- The use of the term “fiscal year” in determining whether a state meets the stabilization fund MOE requirements.
- Whether a state can demonstrate that it is complying with the elementary and secondary education MOE requirements in ARRA on either an aggregate or a per-student basis.
- How a state can determine the levels of state support for elementary and secondary education or for public institutes of higher education (IHEs).
- What a state can do if it anticipates, on the basis of the best available data, that it might not meet the MOE requirements for one or more years.
- The criterion that governs whether ED may grant a state’s request for a waiver of the stabilization program MOE requirements.
- Whether the same criterion apply to waivers of both the elementary and secondary education MOE requirements and the public IHE MOE requirements.
- The meaning of the term “total revenues available to the state.”
- Whether ED will issue further guidance on the process for obtaining waivers of the stabilization program MOE requirements.
- A illustration of applying the MOE waiver criterion
- To what extent a state or LEA may use stabilization funds to meet the MOE requirements of other federal programs.

**Title I Guidance on Maintenance of Effort and Supplement, Not Supplant:**

(see <http://www.ed.gov/policy/gen/leg/recovery/guidance/title-i.pdf>).

- Whether an LEA must maintain fiscal effort to receive Title I, Part A funds, including Title I, Part A ARRA funds.
- The fiscal years that are compared to determine whether an LEA has maintained effort in order to receive its Fiscal Year 2009 allocation under Title I, Part A, including Title I, Part A ARRA funds.
- If an LEA’s expenditures decrease in School Year 2008–09 or School Year 2009–10, which years this failure to maintain effort will affect its Title I, Part A allocations.
- Whether an LEA requests a waiver of the maintenance of effort requirement from ED.
- Whether a state must maintain effort to receive Title I, Part A ARRA funds.
- To what extent a state or an LEA may use SFSF to meet Title I, Part A maintenance of effort requirements.
- How treating SFSF as nonfederal funds affect maintaining effort under Title I, Part A.

- Whether the supplement, not supplant requirements in sections 1120A(b) and (d) and 1114(a)(2)(B) of the ESEA apply to Title I, Part A ARRA funds.
- Whether Title I, Part A ARRA funds can be used to support activities that were previously supported with nonfederal funds without violating the supplement, not supplant requirement.
- Whether an SEA may take into consideration an LEA's use of SFSF in determining whether the LEA has violated the Title I, Part A supplement, not supplant requirements.

### **IDEA Guidance on Maintenance of Effort, Supplement, Not Supplant:**

(see <http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>).

- Whether ARRA provides any additional authority for the U.S. Secretary of Education to grant waivers for state and local MOE and supplement, not supplant requirements under IDEA.
- Under what circumstances the Secretary can waive the state-level supplement, not supplant requirements.
- Under what circumstances the Secretary can waive the state-level MOE requirements.
- What states must do to obtain a waiver under IDEA, section 612(a)(18).
- What authority the Secretary has to grant waivers of MOE to LEAs.

### **Ideas for How States and Districts Can Use Funds and Use Them for Creative and Innovative Activities**

Many states and districts are seeking specific examples of how they can use the funds provided under ARRA. Guidance recently published by ED contains specific examples, as do the materials on ED's website for each program. (Links to those pages are listed below.) In addition, ED released more specific guidance on allowable activities in April 2009.

Learning Point Associates works in partnership with ED through the federal contracts that it administers. TQ Center, Great Lakes East, and Great Lakes West are developing resources to help states identify creative and innovative activities that can be funded with ARRA dollars. Announcements will be posted on the ERRC when new resources become available (see <http://www.learningpt.org/recovery>).

- Fact sheets and guidance for the various programs funded under ARRA can be found on ED's website at <http://www.ed.gov/policy/gen/leg/recovery/index.html>
- Title I: <http://www.ed.gov/programs/titleiparta/index.html>
- Title I School Improvement Fund: <http://www.ed.gov/programs/sif/index.html>
- Impact Aid: <http://www.ed.gov/about/offices/list/oese/impactaid/whatisia.html>
- Educational Technology State Grants (Ed Tech): <http://www.ed.gov/programs/edtech/index.html>
- Homeless Children and Youth Education (McKinney-Vento): <http://www.ed.gov/policy/elsec/leg/esea02/pg116.html>

- Teacher Incentive Fund: <http://www.ed.gov/programs/teacherincentive/index.html>
- Teacher Quality Enhancement Grants: <http://www.ed.gov/programs/heatqp/index.html>
- IES Statewide Data Systems: <http://nces.ed.gov/Programs/SLDS/>
- IDEA Parts B and C: <http://idea.ed.gov/>

## General Understanding of ARRA Funds and Distribution

ED maintains a webpage dedicated to providing information and updates about ARRA. Information is updated regularly with webcasts, slideshows, etc. (see <http://www.ed.gov/policy/gen/leg/recovery/index.html>).

Learning Point Associates created a narrated slide show that provides a thorough overview of the programs funded under ARRA and the timing for the distribution of those funds (see <http://www.learningpt.org/whatsnew>).

## Understanding Accountability and Monitoring Requirements

ARRA calls for a new level of transparency and accountability. A state is required to submit reports containing the information required under section 1512(c) of ARRA. ED is developing a common reporting form that will describe a streamlined quarterly process for reporting on the use of ARRA funds awarded by ED. In addition, the Office of Management and Budget (OMB) is expected to issue governmentwide guidance on ARRA reporting requirements and procedures. This information will be posted on the ERRC website when it becomes available.

A state must have an effective system for managing the flow of funds that ensures that entities are able to receive funds as needed to pay program costs but that also minimizes the time between the transfer of the funds and their disbursement by the grantee or subgrantee, in accordance with U.S. Department of the Treasury regulations at 31 C.F.R. Part 205 (see 34 C.F.R. 80.21(b)). Grantees and subgrantees must promptly, but at least quarterly, remit to ED interest earned on advances 45 (34 C.F.R. 80.21(i)). ED will take appropriate actions against grantees and subgrantees that fail to comply with this requirement.

Guidance issued by ED for each program addresses the issue of accountability and monitoring. For questions not addressed in the guidance, it is suggested to contact ED directly. Additional information about ARRA reporting instructions will be provided at <http://www.FederalReporting.gov>.

- Guidance for Title I funds addresses transparency, accountability, and reporting in Section E, beginning on p. 37. Quarterly reports will be required for Title I funds, and those reports will be posted at <http://www.recovery.gov>. *At a minimum, section 1512(c) of the ARRA requires a State to report the total amounts of Title I, Part A ARRA funds received and expended or obligated; the project's or activity's name, description, and evaluation of its completion status on which Title I, Part A ARRA funds are used; and an estimate of the number of jobs that were saved or created with those funds* (see <http://www.ed.gov/policy/gen/leg/recovery/guidance/title-i.pdf>).

- Guidance for IDEA, Part B funds addresses transparency, accountability, and reporting in Section E, beginning on p. 19: <http://www.ed.gov/policy/gen/leg/recovery/guidance/idea-b.pdf>.
- Guidance for the SFSF addresses transparency, accountability, reporting, and other obligations in Section VII beginning on p. 42. The specific items that must be addressed in this report are listed on p. 44: <http://www.ed.gov/programs/statestabilization/guidance.pdf>

## Questions About the Timing of the Disbursement of Funds

ARRA provides specific deadlines for when funding under the various programs must be provided by the federal agencies to the appropriate states. ED provides information about the timing of funds for programs funded by the ARRA (see <http://www.ed.gov/policy/gen/leg/recovery/implementation.html>). The side-by-side document developed by Learning Point Associates incorporates all articulated dates by ED for the programs funded under the ARRA (see <http://staging.learningpt.org/recovery/StimulusSide-By-Side.pdf>).

However, the guidelines for states are much broader. On its website in the guidance for Title I funds, ED states that “In accordance with the goals of the ARRA, the Department encourages states to award Title I, Part A ARRA funds to their LEAs as quickly as possible, consistent with prudent management, so that LEAs can begin using the funds” (see <http://www.ed.gov/policy/gen/leg/recovery/factsheet/title-i.html>).

In the guidance for the SFSF, ED states that “While a Governor should consider the immediate needs of LEAs and public IHEs, the Governor has some flexibility in the timing of the release of the funds . . . .” ED is awarding funds to states in two phases, and there are separate deadlines by which a Governor must subgrant or commit the funds awarded in each phase (see <http://www.ed.gov/programs/statestabilization/guidance.pdf>).

## Specific Amount of Funds for School Districts

ARRA provides that education funds will be disbursed to LEAs either by formula or by competitive grants. The side-by-side document published by Learning Point Associates is a good reference to use to understand which funds will be distributed to districts by formula and which by competitive grants (see <http://staging.learningpt.org/recovery/StimulusSide-By-Side.pdf>).

Most of the funds for existing federal programs have been disbursed to states. ED also has released estimates for each state’s stabilization funds. ED also has released estimates for Title I allocations to school districts. The funds for each state and estimated Title I allocations can be easily searched in Learning Point Associates’ Fund Finder located on the ERRC (see <http://www.learningpt.org/recovery>).

## Application Processes for Stimulus Funds

Funds provided for existing federal programs under ARRA do not require an application to ED for the first wave of funds to be distributed to the SEA. States are required to submit information

about how they will meet the reporting and accountability requirements in order to receive the second wave of funds. ED will release additional guidance to help states satisfy this requirement.

In order for a state to receive funds under the SFSF, the governor of each state must submit an application to ED. State applications must provide assurances that they will address the four reform areas of teacher effectiveness and equitable distribution; collection and use of data; standards and assessments; and support for struggling schools. These issues are detailed on the ERRC (see <http://staging.learningpt.org/recovery/assurances.php>).

States have begun submitting applications. To view the current applications that have been received by ED, visit their website:

<http://www.ed.gov/programs/statestabilization/resources.html>.

In order for LEAs to receive SFSF funds, they must submit an application to the governor. *In their application, the LEA must assure that it will (1) administer the program in accordance with all applicable statutes and regulations, and (2) use fiscal control and fund accounting procedures that will ensure proper disbursement of, and accounting for, the funds* (see <http://www.ed.gov/programs/statestabilization/guidance.pdf>).

## Questions About the Four Assurances

ARRA requires that in their applications for stabilization funds, states must provide assurances that they will take action to address teacher effectiveness and equitable distribution; collection and use of data; standards and assessments; and support for struggling schools. More information on these four reform areas can be found in the guidance issued by ED and on the ERRC website (see <http://staging.learningpt.org/recovery/assurances.php>).

In a letter to governors, ED indicated that ***states are not required to demonstrate progress in order to get phase two Stabilization funds***. *We are only asking states to ensure that states have in place systems to report on final metrics that are developed through rulemaking so that parents, teachers, and policymakers have clear and consistent information about where our schools and students stand. For each metric, a state would need to demonstrate that it collects the required data, and that it will make the data easily accessible to the public. While establishing the systems and processes to report these metrics will have costs, states have received and will continue to receive substantial funds with which to help defray these costs (e.g., Statewide Data Systems, Grants for State Assessments, administration portion of all formula grants). If a state cannot report the final developed metrics, it would submit a plan detailing how it would report this information by September 30, 2011* (see <http://www.ed.gov/programs/statestabilization/2009-394-cover.pdf>).

During briefings in conjunction with the release of its guidance, ED indicated that these four reform areas will provide a foundation against which future funds will be disbursed. For example, if ED determines that a state has not made sufficient progress, that state may be ineligible for funds from the Race to the Top program that will be administered by ED. ED indicated that these issues also will play a prominent role in the reauthorization of the ESEA and the No Child Left Behind (NCLB) Act.