



AEP Summary and Analysis of Education Stimulus Funding

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“The source of America’s prosperity has never been merely how ably we accumulate wealth, but how well we educate our people.....[E]ducation is no longer just a pathway to opportunity and success, it’s a prerequisite for success....It’s time to give all Americans a complete and competitive education from the cradle up through a career.....I’m calling on our nation’s governors and state education chiefs to develop standards and assessments that don’t simply measure whether students can fill in a bubble on a test, but whether they possess 21st century skills like problem-solving and critical thinking and entrepreneurship and creativity.”

President Barack Obama
Speech to the Hispanic Chamber of Commerce
March 10, 2009

FULL TITLE

The American Recovery and Reinvestment Act of 2009: Saving and Creating Jobs and Reforming Education

GENERAL INFORMATION

The American Recovery and Reinvestment Act of 2009 (ARRA) is the economic stimulus package proposed by the Obama administration and passed by Congress. The Act provides approximately \$100 billion for education, with the purposes of supporting states and school districts, saving education jobs, and advancing reforms and improvements in early learning, K-12, and post-secondary education.

SIGNIFICANCE

In addition to providing funds to help prevent the loss of education jobs and reductions in programs, the Act has the potential to leverage fundamental change in education, spurring infrastructure improvements and innovative reforms. Time is of the essence in the law. It promises speedy disbursement of funds and notes: “States and LEAs [local education agencies] are urged to move rapidly to develop plans for using funds, consistent with the law’s reporting and accountability requirements, and to promptly begin spending funds to help drive the nation’s economic recovery.”

HIGHLIGHTS

- ARRA protects state education systems and school districts against the economic downturn while supporting innovation and reform.
- The U.S. Department of Education is fast-tracking grants under the program.
- Most, but not all, of the funding will be distributed to states via formulas.
- Significant funding exists for innovative school design.
- Includes inventive “Invest in What Works and Innovation” fund open to nonprofit organizations.

KEY PROVISIONS OF ARRA

The law seeks to further four key education reforms:

- Raising standards through college- and career-ready standards and high-quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
- Increasing transparency by establishing better data systems tracking student progress over time;
- Improving teacher effectiveness and ensuring an equitable supply and distribution of qualified teachers;
- Supporting effective intervention strategies for lowest-performing schools.

ARRA has three major divisions of funding:

(1) The **State Fiscal Stabilization Fund** (SFSF) program, a new one-time appropriation of \$53.6 billion to help stabilize state and local government budgets in order to minimize and avoid reductions in education and other essential public services.

(2) **Title I, Part A Recovery Funds for Grants to Local Education Agencies** for schools that have high concentrations of students from families that live in poverty in order to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. These funds “create an unprecedented opportunity for educators to implement innovative strategies in Title I schools that improve education for at-risk students and close the achievement gaps while also stimulating the economy.”

(3) **Parts B and C of the Individuals with Disabilities Education Act** (IDEA), which provide funds to state and local educational agencies to help them ensure that children with disabilities, including children aged three through five, have access to a free appropriate public education to meet each child’s unique needs and prepare him or her for further education, employment, and independent living.

THE CONTEXT FOR INNOVATION: PRINCIPLES UNDERLYING THE ARRA VISION OF SCHOOL REFORM

On March 10, 2009, President Barack Obama gave a seminal speech to the Hispanic Chamber of Commerce. In it, he outlined five pillars of education reform that provide the context for the American Recovery and Reinvestment Act of 2009. Below are the five pillars and key points of each as outlined in the President’s speech:

- I. Invest in high quality early childhood education.** Provide Early Learning Challenge Grants.
- II. Develop world class standards and assessments.** Measure 21st century skills like problem-solving, critical thinking, entrepreneurship, and creativity. Create a new culture of accountability with data systems that can track student progress.
- III. Recruit, prepare and reward outstanding teachers.** Provide new pathways to teaching and new incentives to bring teachers to schools where they are needed most.
- IV. Promote innovation and excellence in our schools.** Lift caps, where they exist, on the number of charter schools. Expand after-school programs and rethink the school day and school year to incorporate more time.
- V. Provide every American with a quality higher education — whether it's college or technical training.** Raise the average Pell grant award and provide a tuition tax credit to working families. Make sure lifelong learning is a reality and a possibility for more Americans.

FUNDING STRATEGIES

The act uses a funding system with several stages and levels. Some funds will be distributed in stages to states on a formula basis and then distributed from states to local education agencies or institutions of higher education for use over the next two school years. Some funds will be distributed through a competitive grant process. The following are the categories:

- **SFSF funds delivered to the state governors (\$48.6 billion)**
 - \$39.8 billion is devoted to public early learning, K-12, and higher education. This amount must be distributed by formulae from the state to local education agencies and through a mechanism determined by the state to institutions of higher education.
 - \$8.8 billion is allocated to governors for education (including school modernization), public safety, or other government services.
- **Title I, Part A (\$10 billion) to State educational agencies**
- **IDEA, Part B (\$11.7 billion) to State educational agencies**
- **Minimum of 50 percent of funds available by end of March, as guidelines are issued:**
 - IDEA, Part C (\$500 million).
 - Vocational Rehabilitation State Grants (\$540 million).
- **Programs under \$500 million, available by end of March:**
 - Impact Aid Construction (\$100 million: only 40 percent will be distributed by formula; 60 percent will be distributed through competitive grants at a later date).
 - Independent Living Services (\$140 million: only \$52.5 million will be distributed by formula; remaining \$87.5 will be distributed by competitive grants at a later date).
 - Education for Homeless Youth (\$70 million).
- **Funds available beginning in fall 2009, conditioned upon receipt of further information that will be outlined in future guidance:**
 - Title I School Improvement Grants (\$3 billion).
 - Educational Technology State Grants (\$650 million).
- **Funds available beginning fall 2009, based on quality of applications submitted through competitive process. Guidelines to come:**
 - Teacher Incentive Fund (\$200 million).
 - Teacher Quality Enhancement (\$100 million).
 - Statewide Data Systems (\$250 million).

The Department of Education will conduct a national competition among states for \$5 billion in “Race to the Top” funds to help states improve student achievement through progress on the four reform goals described above. Of the \$5 billion, \$650 million will be set aside in the “Invest in What Works and Innovation” fund and will be available through a competition to districts and non-profit groups with a strong track record of results. Guidelines and applications for the competitive funds will be posted promptly, and grants will be made in two rounds—fall 2009 and spring 2010).

In addition, the Department will announce opportunities to compete for non-ARRA funds that meet the reform goals of the Race to the Top fund, as well as technical assistance resources to help states and localities effectively implement the most promising and evidence-based reforms using all relevant federal, state, and local resources. With federal funds available for R&D, the Department also hopes to work with schools to support rigorous testing of interventions that states and districts support with ARRA funds.

For additional information, contact Michael Sikes at michaels@ccsso.org or 202.336.7028.

AEP ANALYSIS

- The American Recovery and Reinvestment Act is not just about shoring up state and local school systems in difficult times but also aims to steer American education toward currents of innovation and creativity; this signals a new direction from Washington. This new direction can be understood in the context of President Obama’s vision for education. (See The Context For Innovation: Principles Underlying the ARRA Vision of School Reform, above.)
- While much of the funding in ARRA is targeted to states and school districts via formulae, these funds must be demonstrably related to the education reform goals espoused in ARRA. Moreover, the nationally competitive "Invest in What Works and Innovation" fund offers significant potential for organizations, consortia, and partnerships across the country to propose initiatives that align the arts and creativity with innovation and reform. Additionally, funding designated to states and districts, including Title I, may be tapped for creative and innovative solutions that include both launching new programs and bringing existing programs to scale.
- ARRA represents a pivotal opportunity for education leaders and policymakers at all levels—schools, nonprofits, districts, and states—to imagine and implement new solutions to the obdurate twin problems of unfair educational access and inadequate student learning. It is an opportunity bounded by time, and so the imperative of innovation is tied to the necessity of swift action.

AEP RECOMMENDATIONS

- State education agencies, local education agencies, nonprofit organizations, and partnerships should think in terms of innovative programs and ideas to meet the goals of ARRA—some of which are already in place but have not been brought to scale.
- Two imperatives are critical: Innovation and timeliness. Innovation is important if states, districts, and organizations are to be competitive. Timeliness is essential in order to take advantage of relatively immediate opportunities.
- Stakeholders who are interested in seeing future program guidelines as they emerge should bookmark the links to the USED Website (below) and return frequently to the site for updates.
- The focus on innovation and creativity in the stimulus package means there is no better time for the arts education field to make the case for itself as a leader in innovative practices that have been tried and tested – the educational equivalent of “shovel-ready.” We must not miss this opportunity to be part of the changing landscape.

ADDITIONAL LINKS

Education Department to Distribute \$44 Billion in Stimulus Funds in 30 to 45 Days

<http://www.ed.gov/news/pressreleases/2009/03/03072009.html>

The American Recovery and Reinvestment Act of 2009: Saving and Creating Jobs and Reforming Education

<http://www.ed.gov/policy/gen/leg/recovery/implementation.html>

State Fiscal Stabilization Fund

<http://www.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html>

American Recovery and Reinvestment Act of 2009: Title I, Part A Recovery Funds for Grants to Local Education Agencies

<http://www.ed.gov/policy/gen/leg/recovery/factsheet/title-i.html>

American Recovery and Reinvestment Act of 2009: IDEA Recovery Funds for Services to Children and Youths with Disabilities

<http://www.ed.gov/policy/gen/leg/recovery/factsheet/idea.html>

Education Commission of the States: Maximizing Education Reform in the Stimulus Bill: Building State Innovation Funds: <http://www.ecs.org/clearinghouse/79/90/7990.pdf>

The Arts Education Partnership was founded in 1994 and is supported by the National Endowment for the Arts and the U.S. Department of Education in cooperation with the Council of Chief State School Officers and the National Assembly of State Arts Agencies.