

# K-12 Education Funding in the American Recovery & Reinvestment Act of 2009

[www.ed.sc.gov/ARRA](http://www.ed.sc.gov/ARRA)

SC Senate March 17, 2009

Rev. 3/18/09

# Status Overview



- President Obama signed Tuesday 2-17-09
- Several deadlines start immediately.
- March 7 the U.S. Department of Education (USED) issued some guidance.
- Secretary of Education Duncan has promised additional guidance soon.
- We don't have all the answers yet.
- We have asked lots of questions.



# ARRA Generally

- \$787.2 billion nationwide
- “Spend funds quickly to save and create jobs.”
- “Ensure transparency, reporting and accountability.”
- As to education
  - **Improve student achievement through school improvement and reform.**
  - **Invest one-time *ARRA* funds thoughtfully to minimize the "funding cliff."**

# Other General Provisions <sup>1357</sup>

June 17 = 120 days

- Infrastructure— goal 50% within 120 days<sup>357</sup>
- Maximize job creation and economic benefit. <sup>357</sup>
- Most funds available until 9/30/2010. <sup>357</sup>
- Some education funds - through 2011
- Buy American
- Contracts at fixed prices competitively bid<sup>356</sup>
- Section 1607 assurances <sup>357</sup>

# Questions include

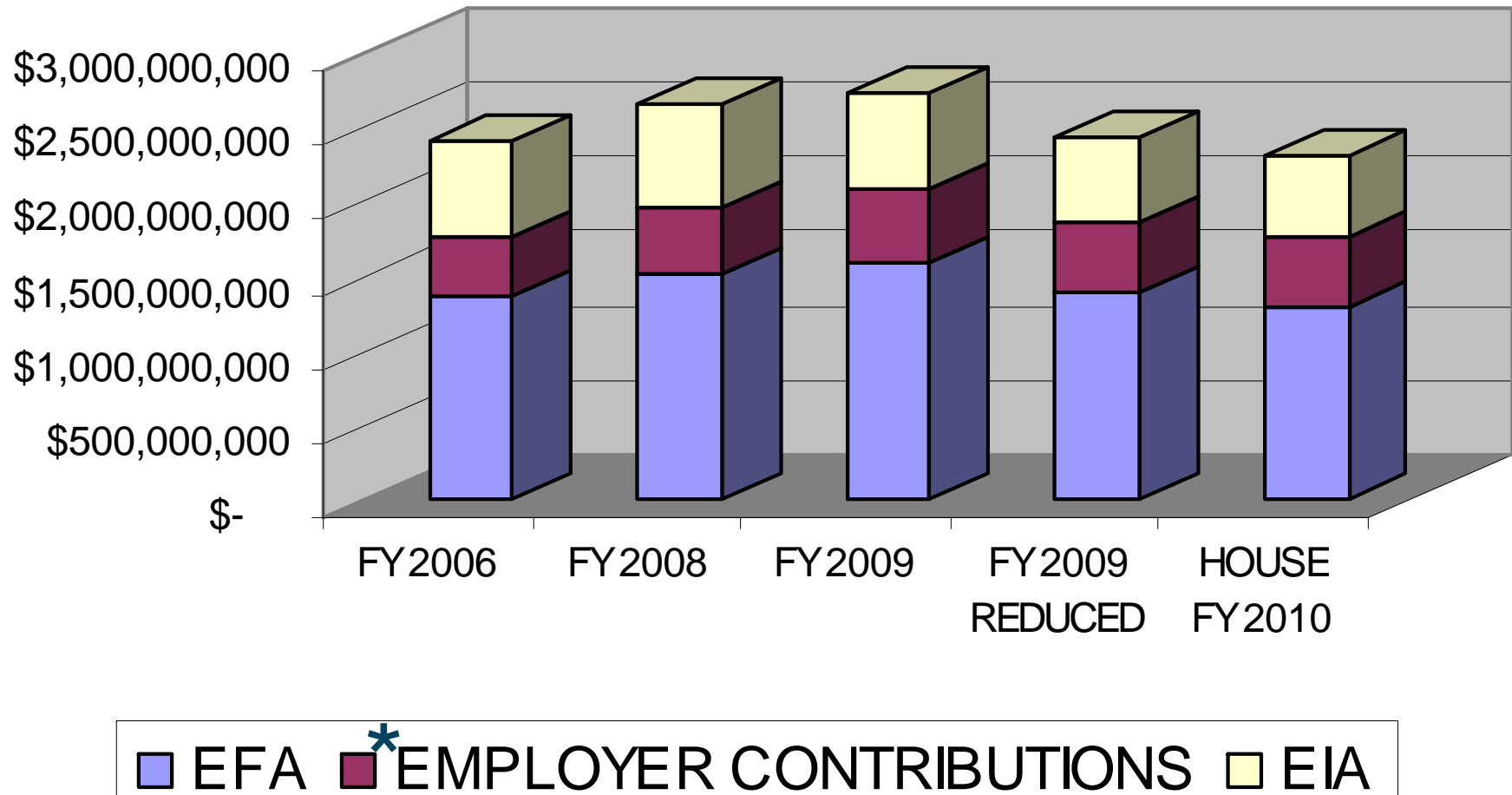


1. Must SFSF \$ be spent 2 or 3 years? (This year?)
2. Primary K12 funding formulae?
3. What were the FY 2006 levels of “State support”?
4. If SC cuts recurring K-12 funding to the 2006 level will we remain eligible for SFSF funding?
5. What was the highest amount under the formulae in FY 08 and FY 09?
6. What is the funding gap (#4 minus current levels)?
7. For FY 10 and FY 11, what increases in the primary formulae does SC want to include?
8. What was the percentage of total revenues in the prior fiscal year, and is it greater than the current year’s percentage?
9. Similar questions for higher ed.

# K-12 Funding Numbers

# EFA + EC\* + EIA

Before  
3/09 cuts



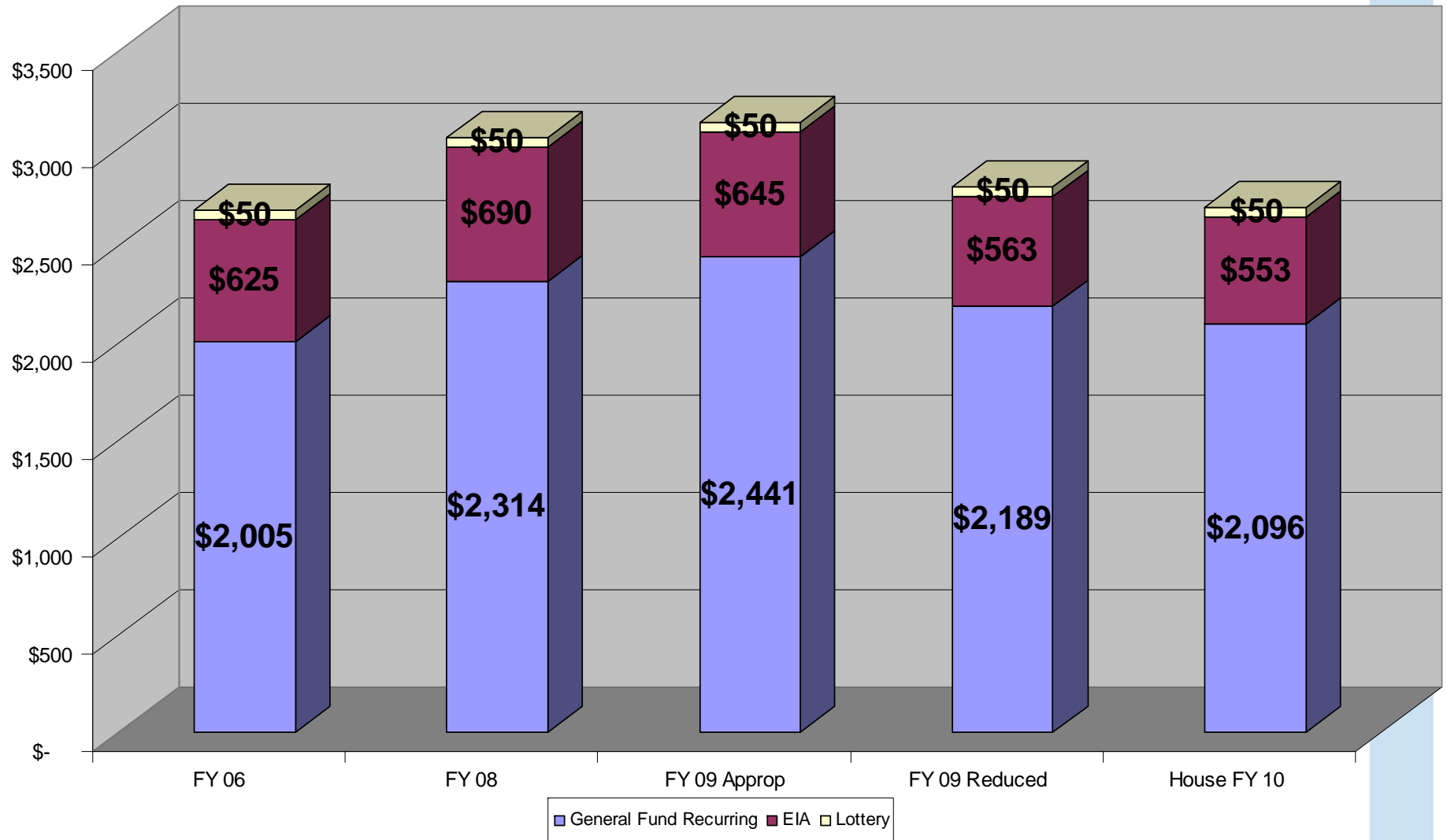
# Historical K-12 EFA, EC, EIA

Before  
3/09 cuts

	FY2006	FY2008	FY2009	FY2009 REDUCED	HOUSE FY2010
EFA	\$1,367	\$1,507	\$ 1,587	\$ 1,378	\$ 1,285
EC	\$ 401	\$ 450	\$ 483	\$ 483	\$ 483
TOTAL	\$1,768	\$1,956	\$ 1,070	\$ 1,861	\$ 1,768
EIA	\$ 626	\$ 690	\$ 645	\$ 563	\$ 540
K-12	\$2,394	\$2,647	\$ 2,714	\$ 2,425	\$ 2,308
EFA+EC+EIA > 2006 LEVEL				\$ 30.4	\$ (86)

## K-12 Funds (millions)

Before  
3/09 cuts



# K-12 GF, EIA, Lottery

Before  
3/09 cuts

	FY 06	FY 08	FY 09 Approp	FY 09 Reduced	House FY 10
General Fund Recurring	\$ 2,005	\$ 2,314	\$ 2,441	\$ 2,189	\$ 2,096
EIA	\$ 625	\$ 690	\$ 645	\$ 563	\$ 540
Lottery	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
	\$ 2,680	\$ 3,054	\$ 3,136	\$ 2,802	\$ 2,685

# K-12 & ARRA

## Items other than SFSF

## K-12 Formula Funds Allocation or Existing App (full/partial)

ESEA Title I-A (flow through)	50% 3/2009	\$142,874,121
Enhancing Education Through Technology (50% flow through; 50% competitive grants to district)	Fall 2009	\$9,155,842
McKinney-Vento Homeless (flow through)	March 2009	\$615,000
Regular IDEA, (flow through)	50% 3/2009	\$173,239,745
IDEA preschool (flow through)	50% 3/2009	\$7,572,406
School Lunch Equipment (competitive grant)	March 2009	\$1,836,195
		<b>\$335,293,309</b>

# K-12 Formula Funds New Application

ESEA Title I-A School Improvement – Innovation (Competitive Grant)	Fall 2009	\$43,574,000
---	-----------	--------------

And some formula funds will  
require amended applications  
before second installments are  
issued.

## Impact Aid – School Facilities<sup>1324</sup>

- \$100 million nationwide to be expended pursuant to ARRA § 805<sup>326</sup> (for districts with tax base impacted by federal property)
- 40% to formula grants, using attendance of eligible districts (ESEA § 8007)
- 60% to competitive grants with new eligibility
- No state numbers yet.



Aiken  
Anderson 4  
Barnwell 29  
Barnwell 45  
Beaufort  
Berkeley  
Charleston  
Dorchester 2  
Florence 3  
Greenville  
Jasper  
Marion 1  
Richland 2  
Spartanburg 7  
Sumter 2  
Sumter 17

# Tax Credit Bond Authorization


- Qualified Zone Academy Bonds - QZABs  
– no state numbers yet
- Qualified School Construction Bonds –  
new – no state numbers yet

# House Budget

Half + assumed  
grant funds

Title One & IDEA	\$196,968,971
------------------	---------------

## U.S. Dep't of Ed Estimates

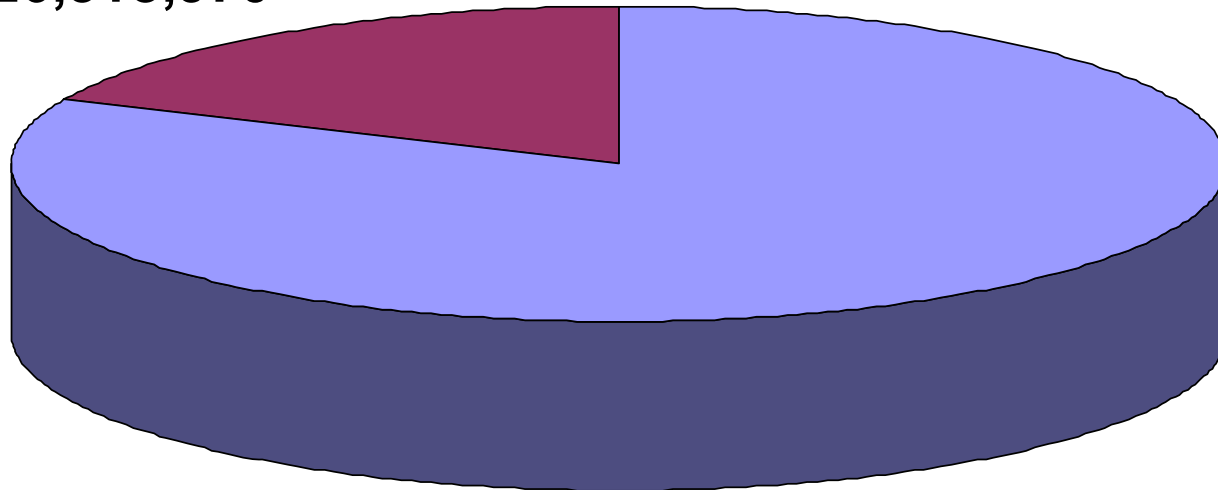
Regular Title I	\$ 142,874,121.00
Title I Improvement & Innovation	\$ 43,574,000.00
Regular IDEA	\$ 173,239,745.00
Preschool IDEA	\$ 7,572,406.00
	\$ 367,260,272.00

Half = \$183.6 million

# K-12 & ARRA State Fiscal Stabilization Funds - SFSF

## SC SFSF Allocation (USED Estimates)

**\$126,318,970**



**\$567,741,302**

- "81.8%" funds – Apportion between K-12 and Higher Ed
- "18.2%" funds – Other government including education

## K-12, Higher Ed, Other Government: State Fiscal Stabilization Funds (SFSF)


\$567,741,302	<b>“81.8%”</b> funds – Apportion between K-12 and Higher Ed based on % of cuts
\$126,318,970	<b>“18.2%”</b> funds – Other government including education
\$694,060,272	Total USDE Estimate

# SFSF: Application – Who?

- 14001(e)- “Secretary shall make grants to the **Governor.**”
- 14005(a)- “The **Governor**...shall submit an application”
- 1607(a)- Until April 3 - **Governor** shall certify that the State will request and use the funds.
- 1607(b)- If not, the **legislature’s** concurrent resolution shall be sufficient to provide funding.



# SFSF: Application – What?

- 14005(b)
- (1) assurances (next slides)
- (2) baseline data 
- (3) how SC will use the funds, “including whether the State will use such allocation to meet [MOE] requirements under the ESEA and IDEA and, in such cases, what amount will be used to meet such requirements.”



MOE =  
maintenance of  
effort

- 14011(d) With Secretary’s prior approval, can treat SFSF \$ as MOE.

# SFSF: Application – What? Cont'd

- 14005(b)(1) and (d) **assurances**
- (1) FY 09, 10, 11 SC will “maintain **State support** ... at least at the level of such support in” **FY 2006** for
- (A) K-12 and
- (B) Higher Ed, not including
  - Capital projects
  - Research and development
  - Tuition and fees paid by students



# Fiscal Relief

- Secretary may waive or modify fiscal MOE requirements
- If, for the year of the waiver/modification, the State provides K-12
  - with the same or greater **percentage**
  - of **total revenues** available to the State
  - than the amount provided for such **purpose in the preceding FY**
  - §14011(c)



# 2006 Levels - MOE

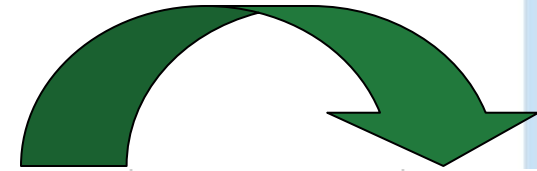
Before  
3/09 cuts

	FY06	FY09 Reduced	% of ST Total	House FY10A	% of ST Total
K12-EFA+EC	\$ 1,768	\$ 1,861	32.5%	\$ 1,768	30.81%
K-12-EFA+EC+EIA	\$ 2,394	\$ 2,425	42.3%	\$ 2,309	40.23%
K-12 E+E+E+Lottery	\$ 2,680	\$ 2,475	43.2%	\$ 2,359	41.10%
State Total Recurring	\$ 5,617	\$ 5,731	100.0%	\$ 5,739	100.00%

Although \$1768 is the 2006 EFA+EC level, as to other "State support" K-12 is below 2006 levels.

# % of Total State Revenue

Before  
3/09 cuts



	FY06	FY09 Reduced	% of ST Total	House FY10A	% of ST Total
K12-EFA+EC	\$ 1,768	\$ 1,861	32.5%	\$ 1,768	30.81%
K-12-EFA+EC+EIA	\$ 2,394	\$ 2,425	42.3%	\$ 2,309	40.23%
K-12 E+E+E+Lottery	\$ 2,680	\$ 2,475	43.2%	\$ 2,359	41.10%
State Total Recurring	\$ 5,617	\$ 5,731	100.0%	\$ 5,739	100.00%

FY 2009 percentages are greater than projected FY 2010 percentages, which makes SC ineligible for waiver.

# Waiver Eligibility

Before  
3/09 cuts

	FY06	FY09 Reduced	% of ST Total	House FY10A	% of ST Total
K12-EFA+EC	\$ 1,768	\$ 1,861	32.5%	\$ 1,768	30.81%
K-12-EFA+EC+EIA	\$ 2,394	\$ 2,425	42.3%	\$ 2,309	40.23%
K-12 E+E+E+Lottery	\$ 2,680	\$ 2,475	43.2%	\$ 2,359	41.10%
State Total Recurring	\$ 5,617	\$ 5,731	100.0%	\$ 5,739	100.00%

Applying the  
FY09  
percentages  
to the FY10  
estimated  
total revenue

% of ST Total	% x Total	House FY10A	Diff.
32.5%	\$ 1,864	\$ 1,768	\$ (96)
42.3%	\$ 2,428	\$ 2,309	\$ (119)
43.2%	\$ 2,478	\$ 2,359	\$ (119)
100.0%	\$ 5,739	\$ 5,739	

# If there are cuts in FY 2010

- K-12 must either be kept at the FY 2006 level or the % of total revenues must be the same or higher than the FY 2009 level and the State must request a waiver.

# SFSF: Application – What? Cont'd



- 14005(b)(1) and (d) **assurances**
- (2) Improve teacher effectiveness
- (3) Establish Longitudinal Data System (LDS)
- (4)(A) Enhance assessment quality
- (4)(B) IDEA and ELL assessments
- (4)(C) Improve content and achievement standards
- (5) Support struggling schools as defined by AYP - NCLB

## SFSF: **67%** available March 2009 with application

<b>\$380,386,672</b>	“ <b>81.8%</b> ” funds – Apportion between K-12 and Higher Ed based on % of cuts - \$567,741,302 total
<b>\$84,633,710</b>	“ <b>18.2%</b> ” funds – Other government including education – \$126,318,970 total
<b>\$465,020,382</b>	Total - \$694,060,272

# House Budget

Total	\$700 [\$694]
Half in FY 2010	\$350
81.8%	\$286.3
18.2%	\$63.7

# SFSF 18.2%:

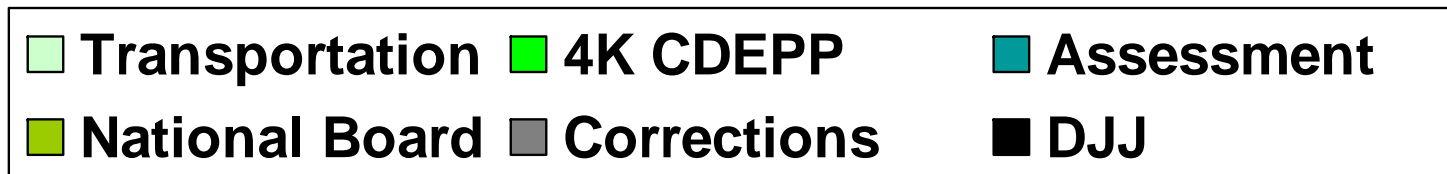
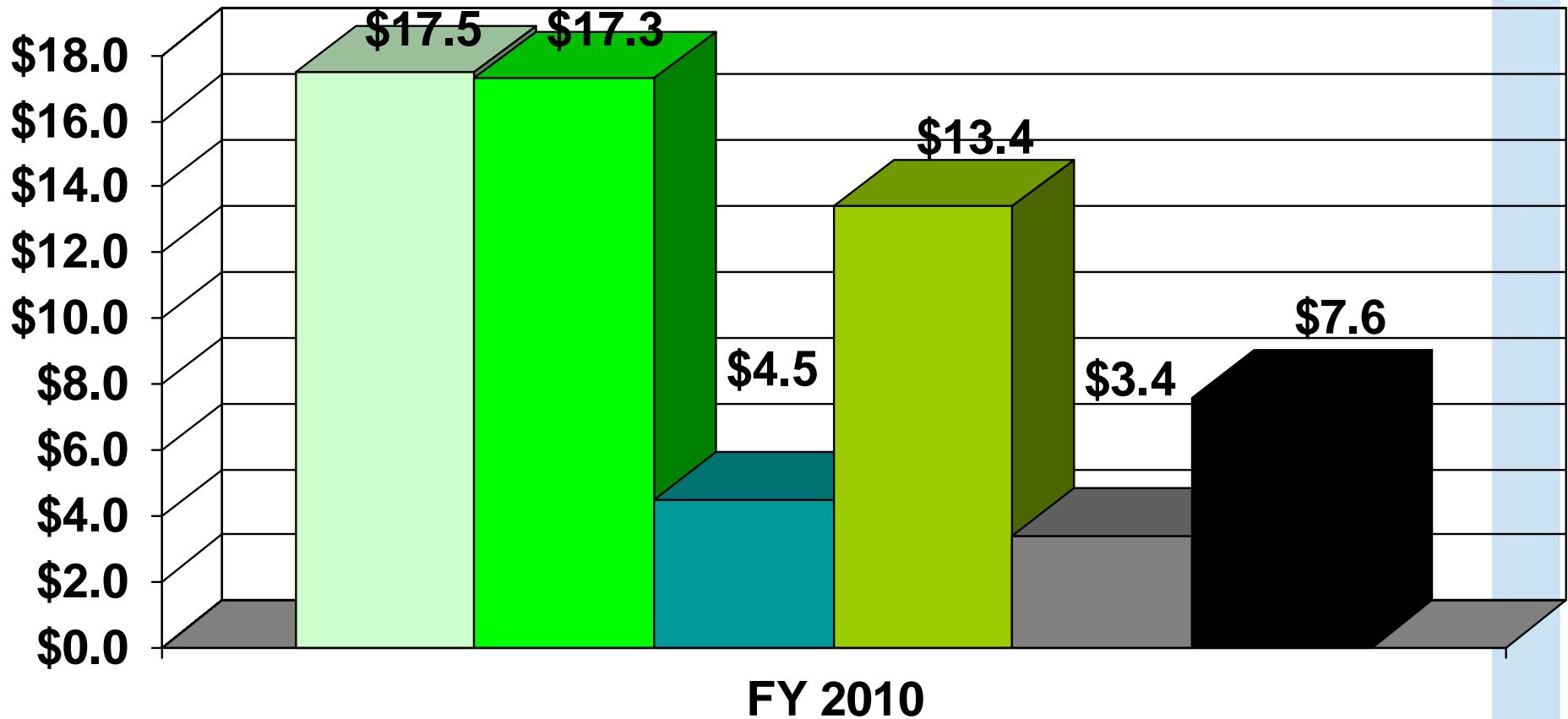
Education & Other Government

18.2% = \$63.7 House Budget  
(per year – 2 years)  
= \$126.3 USDE Est. (total)

## SFSF 18.2%: Education & Other Government

- \$126.3 million - **\$84.6 available 3/2009**
- “The Governor shall use 18.2% . . . for public safety and other government services, which may include [education], and for modernization, renovation, or repair of public school facilities . . . .”

# House – 18.2%- \$63.7



# K-12 and Higher Ed

81.8% = \$286.3 House Budget

(per year over 2 years)

= \$567.7 total USED Estimate



# SFSF 81.8% - K-12

- “to provide the amount of funds, through the **State’s primary [K-12] funding formulae**”
  - Plural – more than one formula can be used
  - What are the primary state formulae?
- “needed to restore, in each of fiscal years 2009, 2010, and 2011”
  - Must it be 3 years? Can it be 2?
- “the level of **State support** provided through **such formulae**”
- “to the greater of the [FY 08 or FY 09] level”
- With existing formulae increases in ‘10 and ‘11
  - What discretion does the State have to predict future years?



# SFSF 81.8% -Higher Ed

- “to provide in each of fiscal years 2009, 2010, and 2011”
  - **Must it be 3 years? Can it be 2?**
- “the amount of funds to [higher ed] that is needed to restore **State support**”
- Excluding **tuition and fees paid** by students
- to the greater of the [FY 08 or FY 09] level”

# Questions include



- K12
  - 2 or 3 years?
  - MOE or waiver?
    - FY 2006 levels of “**State support**”, or
    - % of total revenues prior FY §14011(c)
  - **Primary funding formulae?**
  - Highest amount under formulae in 08 & 09
  - Current levels
  - Increases in '10 and '11?
- Higher Ed
  - 2 or 3 years?
  - MOE - FY 2006 levels excluding
    - Capital projects
    - Research
    - Tuition and fees
    - §14005(d)
  - State support excluding only tuition and fees?
  - Highest amount in 08 & 09
  - Current levels

Does “State support” = “% of total revenues” = primary funding formulae?

# Edweek March 4

- **Q: Are states supposed to restore spending to fiscal 2008 or fiscal 2006 levels? The law says different things in different places.**
- **A:** To qualify for state stabilization funds, states must be able to **use their own money** to fund schools to the level at which they were doing so in fiscal **2006**. Then, they must use their **federal stabilization money to backfill** any cuts they made below those levels and to restore funding to fiscal **2008 [or 09]** levels. This is an issue for Florida, which will seek a waiver from that 2006 “maintenance of effort” requirement.

# SFSF Shortfall

- If allocation is insufficient to restore in each of FY 09, 10, 11 to the > of FY 08 or 09
- allocate the funds between K-12 and Higher Ed “in proportion to the relative shortfall in **State support** for the education sectors”
- We’ve asked for clarification.



# House Budget's Use of 81.8%

$\$700/2 =$	$= \$350$
$\$350 \times 81.8\% =$	$\$286.3$
K-12 EFA BSC recurring	<b>(\$92,992,824)</b>
K-12 EFA SFSF 81.8%	\$166,626,600
K-12 Net increase	\$73,633,776
Higher Ed	\$119,673,400
Total	\$286.3

# SFSF Discretionary Innovation Awards

- \$650 million nationwide
- **Districts** or partnership between Non-Profit Organization (NPO) and either LEA or consortium of schools
- Academic achievement awards to expand work

# SFSF Discretionary Incentive Grants<sup>352</sup>

- \$4.35b nationwide “Race to the Top”
- Application by the Governor
- “Significant progress in meeting objectives” of teacher equity, LDS, standards & assessments, and supporting struggling schools.
- 50% to Districts
- Expect only a few grants
- Encouraged to work with other states

# Other ARRA Provisions

# Other Funds – Nat'l Amounts

QZABS (Qualified Zone Academy Bonds) <sup>371</sup>	\$1.4 billion
School Construction Bonds tax credit <sup>370</sup> (\$11b/year for 09 and 10)	\$22 billion
Recovery Zone Bonds <sup>368-69</sup> -Economic Development -Facilities	\$10 billion \$15 billion
Teacher Performance Pay “Innovation & Improvement” <sup>325</sup>	\$200 million
Impact Aid (facilities; discussed above)	\$100 million
Voc Rehab	\$540 million
CDC Prevention-Wellness <sup>324</sup>	\$300 million

# Other National Funds cont'd

NSF education	\$100 million
Teacher Quality (Hi Ed)	\$100 million
21st century classrooms	\$650 million
Statewide data systems	\$250 million
Youthbuild, incl some reenrolled dropouts <sup>322</sup>	\$50 million
Summer Youth (to age 24) Jobs <sup>322</sup>	\$1.2 billion

# Reporting<sup>1352</sup>

- Title I – per pupil expenditures by school
- Direct recipients quarterly report and registration
- Jobs created or saved
- Tax increases averted
- Specific project, status, distribution

## ○ Transparency

- Frequency – each quarter
- Federal agencies may set aside \$ to defray recipients' costs of data collection<sup>355</sup>

Separate records, more frequent reporting, new data elements, existing systems don't handle.

# Other General Provisions <sup>1357</sup>

June 17 = 120 days

- Infrastructure— goal 50% within 120 days<sup>357</sup>
- Maximize job creation and economic benefit. <sup>357</sup>
- Most funds available until 9/30/2010. <sup>357</sup>
- Some education funds - through 2011
- Buy American
- Contracts at fixed prices competitively bid<sup>356</sup>
- Section 1607 assurances <sup>357</sup>



**Frequently Asked Questions** - (New page 3/12/09)

**Where can school districts get information on ARRA?**

We are posting guidance to [www.ed.sc.gov/ARRA](http://www.ed.sc.gov/ARRA), so please check here for information, or e-mail your contacts at the S.C. Department of Education (SCDE). SCDE has cast an [Implementation Team](#) to assist districts and schools in dealing with the provisions of the ARRA. As we receive information and guidance it will be posted here, so **please check back for updated information.**

**\*\* March 7, 2009** - USED's [initial guidance](#) ([CCSO summary](#))

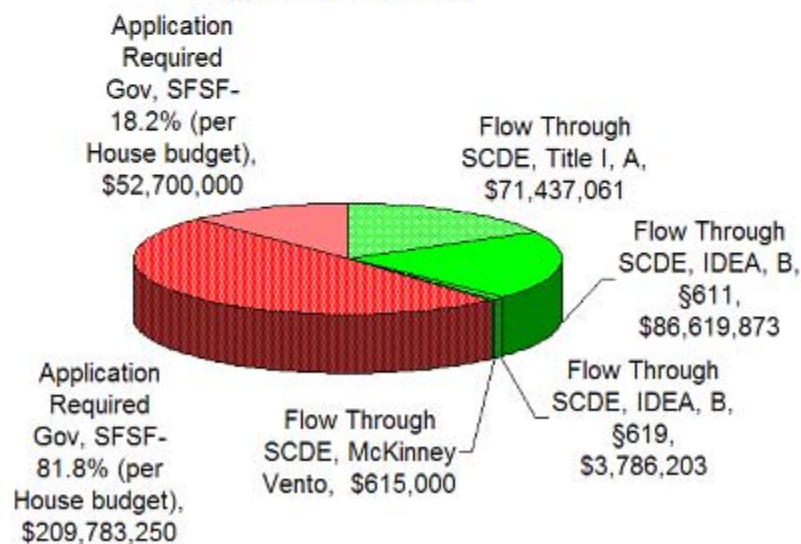
**\*\* March 10, 2009** - [The President's Vision for Education](#)

**\*\* March 11, 2009** - [Funds Distribution Timeline](#)

**\*\* March 12, 2009** - [ARRA Implementation Timeline Chart](#)

<http://www.ed.sc.gov/ARRA>

**K12 Stimulus Money Available March 2009 - Using  
HW&M Figures for SFSF (Green = Flow Through Funds  
(\$162.46 million))**



Suite 704A  
1429 Senate Street  
Columbia, SC 29201  
Tel: 803-734-8163  
Fax: 803-734-4318  
E-mail:  
[BCarpent@ed.sc.gov](mailto:BCarpent@ed.sc.gov)

**Sections**

SCDE Federal Program  
Links  
[E2T2-Office of eLearning](#)  
[IDEA-Office of Exceptional  
Children](#)  
[McKinney Vento-Office of  
Youth Services](#)  
[Project Accounting-Office  
of Finance](#)  
[School Improvement Fund  
Subgrants-Office of  
Innovation](#)  
[Title I-Office of Federal &  
State Accountability](#)  
[QZABs-Office of Finance](#)

**Links**

[USED Stimulus  
Information](#)  
[Recovery.Gov](#)  
[Grants.Gov Recovery  
Page](#)  
[Learning Point Recovery  
Site](#)  
[NCSL Stimulus Information  
Schools and Stimulus  
\(Education Week\)](#)  
[Progressive States  
Network Stimulus  
Resource Guide](#)  
[State Recovery \(Council of  
State Governments\)](#)  
[NSBA ARRA Page](#)



# Send us your questions

- Email
  - [BCarpent@ed.sc.gov](mailto:BCarpent@ed.sc.gov)
  - [KHawkins@ed.sc.gov](mailto:KHawkins@ed.sc.gov)
- Check the web page frequently for updates
  - <http://www.ed.sc.gov/ARRA>