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**TO:** Members of the State Board of Education  
**FROM:** Nancy S. Grasmick *Nancy*  
**DATE:** March 24, 2009  
**RE:** Federal Legislative Update

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**PURPOSE**

The purpose of this agenda item is to update the State Board of Education on federal legislation affecting education, child care, libraries and vocational rehabilitation.

**BACKGROUND**

The *American Recovery and Reinvestment Act of 2009 (ARRA)* passed both houses of Congress on February 13, 2009 and was signed into law by President Obama on February 17, 2009. Attached is a chart illustrating estimated budget allocations, timing of funding availability, application requirements, and other information available at this time related to the various education programs included in the Act. Initial guidance from the US Department of Education (USDE) for the State Fiscal Stabilization Funds, Title I and IDEA grants was received on Friday March 6, 2009. Further guidance from USDE is expected within the next few weeks.

**ACTION**

For Information Only

Attachment

Maryland State Department of Education

Preliminary Analysis: American Recovery and Reinvestment Act (ARRA)

Program	National Appropriation	Estimated Maryland Allocation	Fund Availability	Application	Fund Expiration	Additional Information
Title I-A Grants to States	\$10 Billion	\$136,436,011 <sup>a</sup>	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%; To receive remainder, State must submit, for USDE review and approval, an amendment to its Consolidated Application that addresses how it will meet the recordkeeping and reporting requirements of the ARRA.	Available for obligation until 9/30/11	\$5 billion through targeted grants (Sec. 1125); \$5 billion through incentive grants (Sec. 1125a). To states and LEAs by formula. Each LEA will be required to file with the SEA a school-by-school listing of per-pupil educational expenditures from State and local sources during the 2008-2009 academic year, no later than December 1, 2009. Each SEA will report that information to USDE by March 31, 2010. Congressional intent that 40% be directed to middle and high schools. Secretary has indicated a preference for extended time in school (extended day, Saturday, extended year, etc.).
Title I-A School Improvement Grants	\$3 Billion	\$40,652,000 <sup>b</sup>	Beginning in Fall 2009	Conditioned upon receipt of further information that will be outlined in future guidance		To states by formula; Competitive to LEAs.
IDEA (Part B); Section 611; Grants to States	\$11.3 Billion	\$200,241,802 <sup>a</sup>	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%;	Must be obligated by 9/30/11	To states and LEAs by formula; Amount awarded to states in March should be made available to LEAs by 4/30/09.
IDEA (Part B); Section 619; Preschool	\$400 Million	\$6,922,121 <sup>a</sup>	50% available late March 2009; Remainder available Sept/Oct 2009	No new application required for first 50%;	Must be obligated by 9/30/11	Amount awarded to states in March should be made available to LEAs by 4/30/09.
IDEA (Part C); Infants and Toddlers	\$500 Million	\$7,505,513 <sup>a</sup>	A minimum of 50% available by end of		Must be obligated by 9/30/11	

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			March as soon as guidelines are issued; Remainder available Sept/Oct 2009			
State Data Systems (IES Grants)	\$250 Million	Competitive	50% June/July 2009; 50% Sept/Oct 2009			For States to develop Longitudinal Data Systems that include postsecondary and workforce information.; Competitive; Guidelines will be posted shortly.
Education Technology State Grants	\$650 Million	\$8,527,644 <sup>a</sup>	50% June/July 2009; 50% Sept/Oct 2009	Conditioned upon receipt of further information that will be outlined in future guidance.		½ allocated to LEAs based on Title I formula; ½ allocated as competitive grants.
Homeless Children/Youth	\$70 Million	862,000 <sup>b</sup>	100% Available by end of March 2009			McKinney-Vento Homeless Act. To each State in proportion to the number of homeless students identified by the State during the 2007-2008 school year relative to the number of such children identified nationally during that school year. SEAs shall subgrant to LEAs on a competitive basis or according to a formula based on the number of homeless students identified by the LEAs in the State.
Teacher Incentive Fund	\$200 Million	Competitive	Beginning in Fall 2009	Competitive; Guidelines will be posted shortly.		To LEAs for innovative compensation programs to recruit and retain teachers. These funds shall be expended as directed in the fifth, sixth, and seventh provisos under the heading "Innovation and Improvement" in the Department of Education Appropriations Act, 2008. A portion of the funds shall also be used for a rigorous national evaluation by the Institute of Education Sciences, utilizing randomized controlled methodology to the extent feasible, that assesses the impact of performance-based teacher and principal compensation systems supported by the funds provided in this Act on teacher and principal recruitment and retention in high-

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						need schools and subjects to teach in low-performing schools
State Fiscal Stabilization Fund (SFSF):	\$53.6 Billion	\$879,800,714 <sup>a</sup>				
1. State Fiscal Stabilization Fund - Education	\$39.5 Billion	\$719,676,984 (81.8%)	Phase 1: 67% Available end of March 2009 – will be distributed within 2 weeks of receipt of an approvable SFSF application; Phase 2: Sept/Oct 2009	Phase 1 Application will be user friendly and must include: (a) Assurances in 4 areas; (b) Baseline Data on current status in the 4 areas; (c) Basic Information on how funds will be used. Phase 2 Application: State Plan detailing strategies for addressing the education reforms in the Assurances; Must also describe how the state is implementing the record-keeping and reporting requirements under ARRA; further guidance forthcoming in near future.		<u>Assurances.</u> (1) <u>Maintenance of effort.</u> (A) <u>Elementary and secondary education.</u> The State will, in each of fiscal years 2009, 2010, and 2011, maintain State support for elementary and secondary education at least at the level of such support in fiscal year 2006. (2) <u>Achieving equity in teacher distribution</u> The State will take actions to improve teacher effectiveness and address inequities in the distribution of highly qualified teachers between high- and low-poverty schools, (3) <u>Improving collection and use of data.</u> The State will establish a longitudinal data system that includes the elements described in the America COMPETES Act. (4) <u>Standards and assessments.</u> The State: (A) will enhance the quality of the academic assessments it administers, (B) will comply with ESEA requirements related to the inclusion of children with disabilities and limited English proficient students in State assessments, the development of valid and reliable assessments for those students, and the provision of accommodations that enable their participation in State assessments; and (C) will take steps to improve State academic content standards and student academic achievement standards consistent with the America COMPETES Act. (5) <u>Supporting struggling schools.</u> The State will ensure compliance with ESEA requirements with respect to schools in improvement.
2. State Fiscal Stabilization Fund - Flex	\$8.8 Billion	\$160,123,730 (18.2%)				

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3. State Fiscal Stabilization Fund – Incentive Grants	\$4.35 Billion	Competitive	1 <sup>st</sup> Round – Dec. 2009 (30%); 2 <sup>nd</sup> Round – Spring 2010 (70%)			“Race to the Top” funds; To consortiums of states for education reform (50% must be sub-granted to LEAs)
4. State Fiscal Stabilization Fund – Innovation Grants	\$650 Million	Competitive				“Invest in What Works”; \$650 million Competitive to LEAs and non-profits for Innovation;
Child Care Development Block Grant	\$2 Billion	\$24,040,000 <sup>d</sup> (Of which \$1.987 Million is targeted for Quality Expansion and \$1.15 Million for Infants and Toddlers).				
Head Start/Early Head Start	\$2.1 Billion	\$ 7,897,000 <sup>d</sup>				
National School Lunch Program Equipment Assistance	\$100 Million	\$1,299,000 <sup>d</sup>				By formula to state; competitive to LEAs
Vocational Rehabilitation State Grants	\$540 Million	\$6,879,192 <sup>a</sup>	50% available by end of March as soon as guidelines are issued; 50% available Sept/Oct 2009.			

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Independent Living Programs	\$140 Million Centers for Ind. Living- \$87.5 Million Older Blind Ind.- \$34.3 Million State Grants for Ind. Living- \$18.2 Million	Centers for Ind. Living- \$1,300,000 <sup>c*</sup> Older Blind Ind. Living - \$629,924 <sup>a</sup> State Grants for Ind. Living- \$249,474 <sup>a</sup>  *Funding goes directly from USDE to Centers for Ind. Living	37.5% distributed by formula by end of March; 62.5% by competitive grants at a later date;			
School Construction; School Modernization Tax Credit:	\$22 billion					Federal government pays interest through tax credits = \$9.9 billion. May be used for new construction, repairs, modernization. Funds must be spent within 3 years of issuance of bond. \$22 billion (\$11 billion for each of 2009 and 2010). 60% allocated to States based on share of Title I funding. 40% allocated directly to "large" LEAS. (100 LEAs with largest number of children from families in poverty). Up to additional 25 LEAs selected by Secretary of Education.
School Construction; Qualified Zone Academy Bonds (QZABs).	\$ 1.4 billion					\$1.4 billion for 2009 (current amount is \$400 million). \$1.4 billion for 2010. Federal cost = \$1 billion.

a. Source: USDE charts posted 2/18/09

b. Source: CRS charts, 2/13/09

- c. Source: MSDE Estimate
- d. Source: FFIS charts, 2/17/09

1. MD Allocations are estimated. They are not intended to predict specific amounts states will receive.
2. Many issues are still unclear including: Maintenance of Effort requirements, Supplement/Not Supplant requirements, Comparability requirements, State Administrative Holdbacks, Timing of distribution of funds, and others. Additional Guidance is expected to be forthcoming from US Department of Education.

dgl 03/12/09