

President Obama signed the American Recovery and Reinvestment Act (ARRA) into law on February 17, 2009. ARRA's goals are to stimulate the economy in the short term and invest in education and other essential public services to ensure the long-term economic health of our country. ARRA provides approximately \$100 billion for education to support states and school districts and advance reforms and improvements to create long-lasting results for students, including early learning, K-12 and post-secondary education. Of this total, Colorado is expected to receive approximately \$900 million, most of which will be available during the 2009-2010 and 2010-2011 school years.

According to guidelines issued by the U.S. Department of Education (USDOE), four main principles guide the distribution and use of ARRA funds:

- Spend funds quickly to save and create jobs;
- Improve student achievement through school improvement and reform;
- Ensure transparency, reporting and accountability; and
- Invest one-time ARRA funds thoughtfully to ensure stimulus funds have lasting results without unsustainable recurring costs

The ARRA funds designated for educational use are to be disbursed through a number of funding "vehicles." The State Fiscal Stabilization Fund (SFSF) is a one-time appropriation of \$53.6 billion for FY 2010, including \$39.5 billion for Pre K-20. Colorado will receive approximately \$760.2 million, including \$611.5 million for public school districts and public institutions of higher education. SFSF funds will be awarded to governors and then passed on to public school districts and public universities and colleges through the state's primary funding formula.

Funds will be awarded in exchange for a state's commitment to:

- Advance essential education reforms to benefit students from early learning through post-secondary education, including college- and career-ready standards and high-quality, valid and reliable assessments for all students;
- Development and use of pre-K through post-secondary and career data systems;
- Increasing teacher effectiveness and ensuring equitable distribution of qualified teachers; and
- Turning around the lowest-performing schools.

In Colorado, Governor Ritter is in the process of preparing the State's application for SFSF funds. It is expected the application will be completed and the funds released by late April 2009. The initial funding allocation will represent 67% of the State's total SFSF allocation; the "Phase Two" funding allocation (representing the remaining 33%) will be available in July 2009. The Phase Two allocation will be based upon the State's submission to USDOE of an approved plan detailing Colorado's strategies for addressing the education reform objectives described above.

School districts may use SFSF funds for any activity authorized under the Elementary and Secondary Education Act of 1965 (ESEA), including the modernization, renovation or repair of

public school facilities, the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act (Adult Education Act), or the Carl D. Perkins Career and Technical Education Act (Perkins Act). Some examples of expenditures that teachers' associations might undertake, consistent with the principles governing the spending of ARRA funds are:

- Modernizing school buildings by overhauling energy systems with environmentally friendly and long-term cost-saving measures such as installing solar panels and water-heating systems, replacing old insulation, and installing energy-efficient windows and doors, and lighting systems;
- Purchasing assistive technology equipment, including computer software systems, that would improve services to students with disabilities, which systems might have been cost-prohibitive in the past;
- Invest in scientific, research-based elementary and secondary literacy, math and science initiatives; and
- Provide recruitment bonuses and other incentives for effective teachers and service providers to work in low-performing schools, districts and administrative units.

ARRA will also provide approximately \$10 billion under Title I, Part A of the ESEA, in addition to the Title I, Part A funds states will already receive in FY 2009. Colorado will receive an estimated \$110.9 million in Title I funding to school districts for schools with high concentrations of students from families living in poverty, in order to improve teaching and learning for students most at risk of failing to meet state academic achievement standards. Fifty percent of the Title I, Part A funds should be awarded by the end of March 2009, under each state's existing approved ESEA application. In order to receive the remaining 50 percent, however, each state must submit an amendment to its existing application addressing how it will meet ARRA's record-keeping and reporting requirements.

In addition, ARRA appropriates significant new funding for programs under Parts B and C of the IDEA, to provide a free appropriate education to students with disabilities, including students ages 3 through 5. As with the disbursement of new Title I, Part A funds, 50 percent of new IDEA funds disbursed under ARRA will be awarded to states based upon their existing FY 2008 applications and assurances. The remaining 50 percent will be awarded based upon amended applications addressing ARRA's record-keeping and reporting requirements.

With both Title I, Part A and IDEA funds disbursed under ARRA, school districts may be able to reduce the level of state and local expenditures otherwise required to comply with statutory maintenance of effort (MOE) requirements.

In general, USDOE is strongly encouraging governors and recipient school districts to award or otherwise commit program funds as soon as possible after receipt. Consistent with the overall purposes of ARRA, the funds should be used expeditiously but prudently, in order to create lasting results without creating unsustainable recurring costs.