



Federal Stimulus Package

Highlights



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State Fiscal Stabilization



Question: What is the state fiscal stabilization money?

Answer: Congress designed the State Fiscal Stabilization fund (\$53.6 Billion nationally) to prevent reductions in critical education and other services. The Recovery Act divides that funding into three parts: (1) \$48.6 billion for basic stabilization funds; (2) \$4.35 billion for State incentive grants; and (3) \$650 million for local education agency innovation grants.

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State Fiscal Stabilization



Question: How much money is Washington State receiving?

Answer: The preliminary estimate is \$1 billion. Of which 81.8% is for education (\$819.9 Million) and 18.2% is for other government use (\$182 Million).

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Overview of Federal Stimulus Funding

Program – Major Education Funding Only	National Total	Washington State (preliminary est.)
Fiscal Stabilization – education	\$53.6 B	\$835.6 M
Fiscal Stabilization – general purpose		\$181 M
Title I	\$10 B	\$175 M
Special Education – IDEA	\$11.7 B	\$232 M
School Improvement Grants	\$3 B	\$44.6 M
Education Technology	\$650 M	\$8.6 M
School Construction	\$0	\$0

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Overview of Federal Stimulus Funding

Program	Allocation Method	Maintenance of Effort/Supplanting
Fiscal Stabilization, Education (K-12 and HE), includes funding for school modernization	Via state's principal education funding formula	States to restore funding to FY09 levels, can't cut below FY06 level.
Fiscal Stabilization , General Purpose, school modernization is allowable	Discretionary by Governor	Unknown
Title I	Current allocation method	Current requirements remain.
Special Education (IDEA)	Current allocation method	Current requirements remain.
Education Technology (Title II)	Current allocation method	Current requirements remain.
School Improvement Grants	Current award process	Current requirements remain.

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Fiscal stabilization

- Purpose: Grants to governors for state fiscal relief to prevent cuts to education and other key services. \$835.6 M of funding is dedicated to K-12 and higher education. K-12 modernization and renovation is an allowed use.
- First use of the education funds is to provide funds to restore K-12 and higher education to the greater of fiscal year 2008 or 2009 levels and, where applicable, to allow existing state formulae increases to support K-12 for fiscal years 2010 and 2011 to be implemented and to allow funding for phasing in equity and adequacy adjustments enacted prior to Oct 1, 2009.
- If the \$835.6 million is not sufficient to restore K-12 and higher education, the Governor shall allocate the funds in proportion to the relative shortfall in each sector.
- If there are excess funds from the \$835.6, those amounts would flow to local school districts through the Title I allocation.
- \$181.0 million is for other high priority needs of the state, which can include K-12 and higher education, including K-12 modernization and renovation projects.

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Fiscal stabilization – What we don't know

- Period funding is available for. All other education funding appears to be split over two years, while initial reports are this money is all for FY09-10.
- Allowable expenditures: any educational expenditure or only those under NCLB, IDEA, Carl Perkins or modernization.

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State Fiscal Stabilization



Question: How long are these funds available for?

Answer: Funds must be obligated within 2 years of receiving the grant

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State Fiscal Stabilization



Question: What must the Governor use these funds for?

Answer: Part 1--The Governor must use 81.8% of the funds received to restore state support for elementary, secondary, and postsecondary education to the 2008 or 2009 level (whichever is greater). If the Governor determines there is insufficient funding to meet the desired level, then the Governor shall allocate the funds in proportion to the relative shortfall.

- This funding, very likely, does not represent an enhancement to district funding. It benefits districts by “buying down” the reduction in state funding that districts would otherwise experience.*
- The easiest use for the K-12 sector is for the Legislature to reduce I-728 funding and replace the funding with stabilization resources.*
- The Legislature is not prevented from reducing K-12 by as much as the Governor’s budget proposal and then reducing further as long as MOE requirements are met.*

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State Fiscal Stabilization



Question: What must the Governor use these funds for?

Answer: Part 1—Continued

If the Governor determines there is insufficient funding to meet the desired level, then the Governor shall allocate the funds in proportion to the relative shortfall.

If there are resources remaining after backfilling K-12 and Higher Education budget cuts, then those resources are to be allocated out to school districts via the Title I formula.

- This is highly unlikely.*

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State Fiscal Stabilization



Question: What must the Governor use these funds for?

Answer: Part 2--18.2% shall be reserved for public safety and other governmental services, which may include assistance for elementary and secondary education and public institutions of higher education for modernization, renovation, or repair of public school facilities and institutions of higher education facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

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State Fiscal Stabilization - Basic



Question: What process must the Governors use to obtain these funds?

Answer: The Governor must submit an application to the Secretary describing how the State intends to use the fund, and providing baseline data, and assurances, including assuring actions to improve teacher effectiveness, develop longitudinal data systems, improving academic standards and assisting struggling schools.

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State Fiscal Stabilization - Basic



Question: Will there be an application process for these funds?

Answer: We don't know, however an application process is likely. Our current understanding is that the use of these funds will have to be tracked, as well as the impact of these funds (i.e. how many jobs were created/saved). If an application is required, we expect this would be through the iGrants system.

- *We will work to minimize this process, and will advocate that the state be able to develop the application on behalf of districts.*

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State Fiscal Stabilization - Basic



Question: What may LEAs use the basic stabilization funds for?

Answer: Any **activity** authorized under ESEA, IDEA, the Perkins Act, or modernization, renovation, or repair of public school facilities. LEAs may not engage in school modernization, renovation, or repair that is inconsistent with state law.

- *Very significant issue. If the Legislature replaces I-728 with stabilization funding, and districts can only spend the resources on these federal programs, the use of funds will be very constricted. If however, the broad **activity** of assisting struggling students district wide, for example, is allowable, then these funds could become replacement for state activities.*

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State Fiscal Stabilization - Basic



Question: Do Maintenance of Effort and Supplanting requirements apply?

Answer: This State Fiscal Stabilization Fund includes a maintenance of effort provision that may be waived or modified under certain conditions. There is no supplement not supplant provision applicable to fiscal stability funds.

However, the Recovery Act provides in section 14012(d) that, **with the prior approval of the Secretary**, a state or LEA that receives funds used for elementary, secondary, or postsecondary education as non-federal funds for the purpose of maintenance of effort requirements under any other program (such as Title I-A, ESEA and IDEA).

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State Fiscal Stabilization - Basic



Question: What is the maintenance of effort (MOE) requirement?

Answer: The State will, in each of FY 2009, 2010, and 2011, maintain State support for elementary and secondary education at least to the level of such support in fiscal year 2006. The State will, in each of FY 2009, 2010, and 2011, maintain State support for public institutions of higher education (not including support for capital projects or for research and development) at least at the level of such support in FY 2006.

•To use these funds, the state cannot cut below the 2005-06 state fiscal year level. This is a tremendous level of flexibility for the state.

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State Fiscal Stabilization Incentive Grants



Question: How much is the state receiving for incentive grants?

Answer: These are competitive grants awarded by the Secretary of Education on a discretionary basis.

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State Fiscal Stabilization Innovation Funds



Question: What are Innovation Funds and what are they to be used for?

Answer: Innovation Funds are grants from U.S. DOE directly to school districts for improving student achievement. Grants will be targeted to school districts that (a) expand their work and serve as models for best practices; (b) work in partnership with the private sector and the philanthropic community; and (c) identify and document best practices that can be shared, and taken to scale based on demonstrated success.

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Title I, Part A Funds



Question: How much money is Washington State receiving for Title I, Part A?

Answer: The preliminary estimate is \$135 Million.

- *Washington State received a \$191.5 Million in our regular Title I award for FY 2008-09.*

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Title I, Part A Funds



Question: How and when will the funds be distributed to school districts?

Answer: Title funds are due to arrive in states on March 19, 2009. Soon thereafter, OSPI will distribute funds based on two of the Title I formula components as defined in ARRA.

- *Again, OSPI cannot distribute funds until we have authorization from the Legislature.*

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Title I, Part A Funds



Question: Will existing Maintenance of Effort (MOE) and supplanting rules apply?

Answer: Yes – Maintenance of Effort is 90% for Title I.

- *We are exploring whether or not the state can apply for a statewide waiver.*

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School Improvement



Question: How much of the Title I funding from the federal stimulus package will be available for School Improvement in Washington State?

Answer: OSPI anticipates an increase of \$44.5 million from the federal stimulus package over the next biennium (2009-2011), or \$22.25 million for 2009-2010 and \$22.25 million for 2010-2011, to support school improvement.

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School Improvement



Question: How will additional funds provided through the stimulus package be distributed to LEAs?

Answer: OSPI will develop a competitive grant process to allocate 95% of these funds; the remaining 5% will be used to support state-level administration of the grants. Funds will be allocated consistent with provisions of the federally mandated NCLB Act and other federal guidelines established for this stimulus package.

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School Improvement



Question: What criteria will be used to award grants supported by the stimulus package to LEAs?

Answer: OSPI anticipates federal guidelines for allocation of stimulus package funds will be similar to guidelines for use of 1003g funds in the 2007-2009 biennium. OSPI will submit a proposal regarding use of stimulus package funds to DOE. Once approved, OSPI will utilize guidelines consistent with the proposal to award grants to LEAs.

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School Improvement



Question: What accountability measures have been established by DOE or OSPI for use of stimulus package funds?

Answer: OSPI is working with DOE to understand accountability requirements, including specific expectations regarding increasing employment in Washington State, associated with the use of stimulus package funds.