

April 6, 2009

TO THE ADMINISTRATOR ADDRESSED:

SUBJECT: American Recovery and Reinvestment Act of 2009 (Stimulus Funding)
Supplemental Funding to Local Education Agencies

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009, commonly called the “stimulus bill” or the “Recovery Act.” ARRA is intended to create jobs, prevent layoffs, and keep state and local governments from having to make budget cuts in various areas, including education. Congress and the Secretary of Education have directed that funds be distributed “swiftly and impeccably.” **Significant transparency and accountability provisions accompany the bill, including reporting requirements regarding the expenditure of funds and funding outcomes (such as the number of teachers retained or hired as a result of the funding).**

The Offices of Inspector General (OIGs) have significant authority to review, audit, and investigate the use of funds to prevent fraud, waste, and abuse. ARRA establishes the Recovery Accountability and Transparency Board, whose purpose is to coordinate and conduct the oversight of funds and to develop and maintain a public website to communicate detailed information about the use of funds.

Under ARRA, most Texas local education agencies (LEAs) will be allocated new supplemental federal funds. The funds have a carryover provision and are available through September 30, 2011. Expenditure of ARRA funds must be accounted for separately from the regular federal funds provided to LEAs. LEAs will be required to report the use of funds to the Texas Education Agency (TEA), and TEA, in turn, must report to the U.S. Department of Education (USDE).

In addition to the regular federal funds allocated to Texas LEAs for the 2009-2010 school year, supplemental ARRA funds will be allocated separately over the next few months to various federal grant programs as follows:

- *No Child Left Behind (NCLB) Title I, Part A*: The application for this allocation will be available on or about April 15, 2009.
- *Title I, School Improvement Grants (School Improvement Program [SIP] Academies)*: The application for this allocation will be available between September and October 2009.
- *Title II, Part D (Education Technology)*: The application for this allocation will be available Fall 2009.
- *Individuals with Disabilities Education (IDEA), Part B, and IDEA, Part B—Preschool*: The application for this allocation will be available on or about April 15, 2009.

USDE has notified TEA that the ARRA stimulus allocations must be coded, accounted for, and reported separately from the LEA’s annual federal allocations. For this reason, LEAs must apply for the allocations of ARRA funding through separate applications. All formula applications will be available in eGrants. Preliminary planning amounts for these allocations will be posted on or about April 8, 2009, to the TEA Grant Opportunities website at <http://burlson.tea.state.tx.us/GrantOpportunities/forms/GrantProgramSearch.aspx> .

ARRA funding offers a great opportunity to improve student achievement through school improvement and strategic reform. The first step in planning for the expenditure of this new funding is for your campus and LEA to conduct a comprehensive needs assessment. As you and your staff begin to analyze the priorities you identify, **TEA strongly encourages you to consider the types of programs, activities, and strategies that will be most effective in improving students' academic performance in meeting and exceeding state and federal standards.** As you deliberate on how to best spend these supplemental funds, it is important for you to be aware of TEA's overarching goals for making the ARRA funding opportunity as efficacious as possible throughout the state. TEA is committed to providing every student in Texas with access to an effective teacher (in order to close the achievement gap) through four target investments:

1. Increasing efforts to institute rigorous post-secondary standards and high-quality (valid, reliable) assessments;
2. Enhancing pre-kindergarten to post-secondary data systems that track progress and foster continuous improvement;
3. Ensure continuing to improve teacher effectiveness and supporting the equitable distribution of qualified teachers across the state; and
4. Expanding the state's support and effective interventions for the lowest-performing schools.

We ask districts to join us in thinking very creatively and innovatively with the investment of these funds. The effectiveness of our state reform efforts and the state's success among our peers will be solely based on your commitment and progress toward the four targets. Adherence to the four targets will better position the state and local school districts to receive future technical assistance and discretionary funding opportunities.

In addition to the education programming, it is imperative that you effectively and appropriately expend as much of your current year (non-stimulus) allocation as possible by the June 30, 2009, end of grant year. It is also important that LEAs reduce their carryover (roll forward) as much as possible, assuring that federal funds are not lapsed. While IDEA does not limit carryover funds by percentage, Title I, Part A, funds do have a statutory limitation of no more than 15% carryover. **However, the agency will utilize the state's Ed-Flex waiver authority to be able to waive the carryover limitation for LEAs specific to the Title I, Part A, funds.**

TEA has provided some initial guidance to assist LEAs in determining different types of expenditures that not only meet the requirements of this funding but would also be an effective use of the funds (<http://www.tea.state.tx.us/arrastimulus>). Additionally, on April 1, 2009, the USDE published guidance related to several of these programs on their website (<http://www.ed.gov/policy/gen/leg/recovery/index.html#apps>). This guidance should also be used when considering the types of allowable costs under ARRA programs.

Please be reminded that all purchases must still comply with the federal cost principles, including the requirement that all costs must be reasonable and necessary for carrying out the objectives of the respective grant programs. *In order to document that expenditures are "necessary," any purchases with these funds, including instructional materials and technology, must be distributed and put into use immediately and not stored in a warehouse. **Materials and equipment not put into use during the year in which such materials and equipment are purchased are considered unallowable under the USDE's OIG auditing standards.***

As many of you are aware, the governor of each state may apply for an additional grant available to LEAs under the State Fiscal Stabilization Fund, which is included in the ARRA legislation, called the Innovative Fund Grant (also known as Race to the Top Funds). Please know that as more information is available with regard to additional stimulus funds provided through the ARRA, TEA will make every effort to share that information with districts through the website and email lists.

If you have questions about the allowable uses of the new supplemental Title I, Part A, funding; IDEA, Part B, funding; or your regular allocation, please contact the appropriate program division at:

Division of NCLB Program Coordination at nclb@tea.state.tx.us or (512) 463-9374; or
Division of IDEA Coordination at sped@tea.state.tx.us or (512) 463-9414.

Sincerely,

Robert Scott
Commissioner of Education

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