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To: NCLB@list.tetn.net
Subject: [NCLB] ARRA Update -- April 22, 2009
Date: Wednesday, April 22, 2009 3:02:31 PM
Importance: High

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CLARIFICATION ON USES OF ARRA FUNDING

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.

ARRA Title I, Part A Funding:

The ARRA Title I funding, which is currently available to LEAs through an application in the Agency's eGrants system, must be expended for allowable supplemental Title I, Part A activities.

- o Funds may be used to increase the per-pupil amount allocated to each Title I, Part A campus or to serve new Title I, Part A campuses. Regardless, a campus with a lower low-income percentage may not receive a higher per-pupil allocation than a campus with a higher low-income percentage.
- o All required district-level set asides apply to ARRA Title I, Part A funds (unless a waiver is granted).
- o Due to LEAs striving to invest these funds in ways that do not result in unsustainable continuing commitments after the funding expires, the TEA anticipates that LEAs may

plan for higher than normal district-level initiatives; however, the LEA must allocate an appropriate amount of the ARRA Title I, Part A funding to campuses following the statutory allocation rules.

The types of activities listed in Parts 4-15 of the Program Description Schedule PS3111 serve as examples of allowable uses of the funds, as long as they are meeting needs identified by the campus and are supplemental to state or local requirements, that align to the state's priorities for education.

ARRA Title I, Part A funds may not be expended for the following types of activities:

- o Construction, modernization, renovation, or repair; or
- o Using 100% of the funds at the district level.

ARRA Education Stabilization Funding (Title XIV, State Fiscal Stabilization Fund)

The ARRA Education Stabilization funding, which will be made available to LEAs after the Governor's office receives approval of the state's application from USDE, must be expended by LEAs for any activity that is authorized under the following Federal education acts:

- o The Elementary and Secondary Education Act of 1965 (ESEA) as amended by the No Child Left Behind Act;
- o The Individuals with Disabilities Education Act (IDEA);
- o The Adult Education and Family Literacy Act (AEFLA); or
- o The Carl D. Perkins Career and Technical Education Act of 2006 (Perkins Act).

The ARRA also provides that, to the extent consistent with State law, an LEA may use Education Stabilization funds for modernization, renovation, or repair of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system. Pursuant to the guidance for State Fiscal Stabilization Funds provided by the USDE, construction of new school buildings is an authorized activity under the Impact Aid construction program in section 8007 of the ESEA. Thus, subject to the ARRA statutory requirements and prohibitions governing the uses of Education Stabilization funds, an LEA (including a charter school LEA) may use the Education Stabilization funds to support the construction of new school buildings, including construction activities that are consistent with a recognized green-building rating system.

If an LEA uses Education Stabilization funds for modernization, renovation, or repair of public school facilities or for construction of new school facilities, the LEA must comply with specific requirements relating to the use of American iron, steel, and manufactured goods used in the project. (See Section 1605 of the ARRA.)

The State Fiscal Stabilization Fund, Section 14003 of the ARRA, prohibits an LEA from using Education Stabilization funds for –

- o Payment of maintenance costs;
- o Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- o Purchase or upgrade of vehicles;
- o Improvement of stand-alone facilities whose purpose is not the education of children,

- including central office administration or operations or logistical support facilities; or
- o School modernization, renovation, or repair that is inconsistent with State law.

An LEA may not use Education Stabilization funds for construction of (or modernization, renovation, or repair of) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public, or stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities.

More guidance pertaining to the use of State Fiscal Stabilization Funds will be forthcoming from TEA once the USDE has approved TEA's state application. In the meantime, districts can access the guidance on the use of State Fiscal Stabilization Funds on the USDE website at <http://www.ed.gov/programs/statestabilization/guidance.doc>.

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Thanks. cg

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