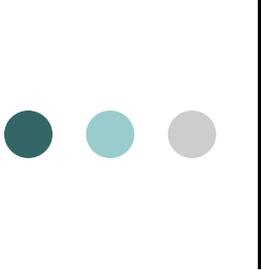


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State Fiscal Stabilization Fund (SFSF) Use and Accounting of Funds

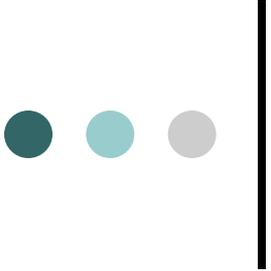


Office of ARRA Coordination
Texas Education Agency
2009



Agenda

- **Overview**
 - ARRA
 - State Fiscal Stabilization Fund (SFSF) and The Four Reforms
- **SFSF**
 - LEA award amounts
 - Authorized use of funds
 - Unauthorized use of funds
- **Texas Steps up**
- **Application Process**
 - Planning: Needs Assessment
 - Timelines
 - PS3410 Program Assurances and Activities
- **Tracking and Accountability**
 - TEA reporting requirements
 - Possible USDE further reporting
- **Q&A**
- **Contact information**



American Recovery and Reinvestment Act (ARRA) of 2009 Principles

- Save and create jobs
- Ensure accountability and transparency
- Invest one-time funds thoughtfully
- Improve student achievement through school improvement and reform

American Recovery and Reinvestment Act (ARRA), Enacted February 17, 2009

★ Funding for Texas Education ★

ARRA: Division A, Title VIII - Department of Education (Distributed directly to districts through formula)		Estimate	Available	TEA Posting	
Stimulus	Education for the Disadvantaged	Title I, Part A, to be distributed to LEAs for: • Title I, Targeted Grants • Title I, Education Finance Incentives Grants (EFIG)	\$944,630,905*	50% - April 2009 50% - Sept/Oct 2009	April 2009
		Title I, School Improvement Grants (School Improvement Program Academies)	\$285,212,000*	100% - Sept/Oct 2009	Fall 2009
	School Improvement Program	Title II, Part D – Education Technology	\$59,395,748*	50% - June/July 2009 50% - Sept/Oct 2009	*Comp. - April 2009 Formula - Fall 2009
		Title VII, Subtitle B – McKinney-Vento Homeless Assistance Act	\$3,454,000*	100% - April 2009	March * 2009
	Special Education	IDEA, Part B – Grants to States; Eligible: All LEAs	\$945,636,328*	50% - April 2009 50% - Sept/Oct 2009	April 2009
IDEA, Part B – Preschool Grants; Eligible: All LEAs		\$24,328,422*	50% - April 2009 50% - Sept/Oct 2009	April 2009	
How to use funds: www.tea.state.tx.us/arrastimulus		Title VIII Education Total	\$2,262,657,403		

ARRA: Division A, Title XIV – State Fiscal Stabilization Fund		Estimate	Available
Stabilization	Education Stabilization Fund - 81.8%	\$3,250,272,133	67% April/May 2009
	Government Services Fund - 18.2%	\$723,165,683	33% Sept/Oct 2009
	<ul style="list-style-type: none"> • LEA allotment posted July • LEA must submit application - Aug. thru Sept. • LEAs will receive funds Sept. 		
	Four target investments: <ol style="list-style-type: none"> 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. Continuing to improve teacher effectiveness and support the equitable distribution of qualified teachers across the state; and 4. Expanding the state's support and effective interventions for the lowest-performing schools 		
	Title XIV State Fiscal Stabilization Fund Total:	\$3,973,437,816*	
Grand Total (Title VIII & Title XIV)		\$6,236,095,219	

ARRA: Division B, Title I, Subtitle F – Infrastructure Financing Tools		Estimate
Part III – Tax Credit Bonds for Schools	Qualified School Construction Bonds - No/low interest school bonds	\$1,004,527,000**

Latest updates on the ARRA by the Texas Education Agency - <http://www.tea.state.tx.us/arrastimulus> Stimulus Phone 512-936-3647

Source data: The American Recovery and Reinvestment Act of 2009

*Amounts provided by U.S. Department of Education (USDE) or Congressional Research Service (CRS)

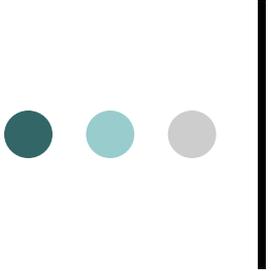
**State allocation is \$538,585,000; LEA allocation is \$465,942,000 (19 large districts based on title I)

85% must be obligated by 9/30/2010

All must be obligated by 9/30/2011

All must be spent by 10/31/2011

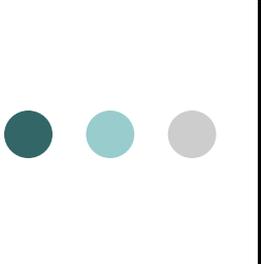
Last updated 6/15/2009



State Fiscal Stabilization Fund

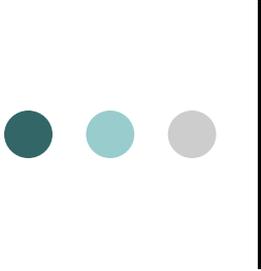
○ Overview

- Education Stabilization Fund total \$3.2 billion for Texas
 - The 81st Texas Legislature, 2009, passed House Bill 3646 which increased state funding for public schools guaranteeing each school a minimum annual increase of \$120 per student in weighted average daily attendance.
 - In anticipation that the Texas stabilization application would be approved, state lawmakers appropriated SFSF, along with over \$30 billion of state funds, to finance the FSP formula changes of HB 3646. The SFSF appropriation amounts to less than 3% of a local education agency's (LEA) total state and local FSP funding.



State Fiscal Stabilization Fund

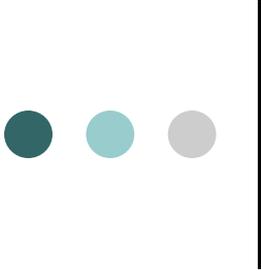
- To be clear:
 - ✓ **The pay raise mandated by House Bill 3646 is effective beginning with the 2009-10 school year. Classroom teachers, full-time counselors, full-time nurses, full-time librarians, and full-time speech pathologists are covered by the mandated pay raise. The pay raises must be maintained in the 2010-2011 school year.**
 - ✓ **LEAs are not required to use SFSF to finance the pay raise provided by HB 3646. To avoid a funding cliff and because of the detailed record keeping that will be required for those whose salaries are paid fully or in part with stimulus funds, districts are encouraged to finance the pay raise with other state and local funds while utilizing their limited SFSF to advance educational reforms and improving student achievement in the four areas described below.**



State Fiscal Stabilization Fund

continued

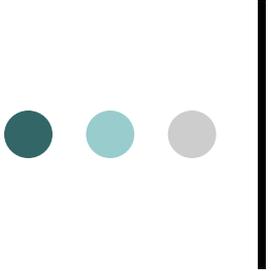
- Government Service Fund for Texas totaled \$723 million
 - Public education was appropriated \$361 million to be used for Proclamation 2010 Textbooks
 - The remaining \$362 million went to higher education
- For further information on ARRA funding for Texas please see Article XII of the General Appropriations Act 2009 on the [Legislative Budget Board Web site](#)



SFSF: The Four Reforms

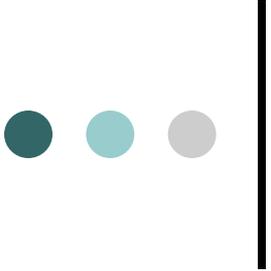
States and districts shall address the four reform areas when using SFSF funds

Adopting rigorous standards and high-quality assessments	Establishing data systems and using data for improvement
Increasing teacher effectiveness and equitable distribution of effective teachers	Turning around the lowest- performing schools



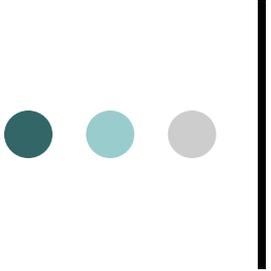
SFSF: LEA award amounts

- LEAs and open-enrollment charter schools with a 2009-2010 Foundation School Program funding allocation are eligible to apply. Shared services arrangements (SSAs, or consortiums) are not allowed as part of the grant program
- LEAs will only be applying for the SFSF portion of their 2009-2010 Foundation School Program (FSP) and Available School Foundation Program (ASF) fund.
- This allocation can be viewed by selecting the 'Entitlements by Program' link on the Formula Funding Toolbox at the Texas Education Agency (TEA) Grant Opportunities website at:
<http://ritter.tea.state.tx.us/opge/formfund/generalinformation/entitlementsbyprogram.html>
- LEAs must expend all 2009-10 allocation before drawing down 2010-11 allocation
- LEAs are allowed pre-award costs back to February 17, 2009 (ARRA passage)



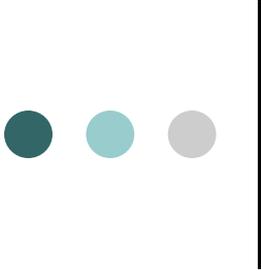
SFSF: Authorized Use of Funds

- Elementary and Secondary Education Act of 1965 (ESEA)
- Individuals with Disabilities Education Act (IDEA)
- Adult Education and Family Literacy Act (AEFLA)
- Carl D. Perkins Career and Technical Education Act of 2006 (Perkins)



SFSF: Unauthorized Use of Funds

- Payment of maintenance costs;
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- Purchase or upgrade of vehicles;
- Financial assistance for students to attend private elementary or secondary schools, unless the funds are used to provide special education and related services to students with disabilities, as authorized by IDEA (Section 14011 of the ARRA);
- Restoring or supplementing a “rainy day” fund;
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities;
- School modernization, renovation, or repair that is inconsistent with state law;
- Any casino or other gaming establishment, aquarium, zoo, golf course, or swimming pool (*See* Section 1604 of the ARRA); and
- Modernization, renovation, or repair of facilities used for sectarian instruction or religious worship, or in which a substantial portion of the functions of the facilities are subsumed in a religious mission.



Texas Steps



Up

○ What?

- A Texas-sized initiative to improve student achievement through school improvement and strategic reform by implementing optional Steps Up activities

○ Why?

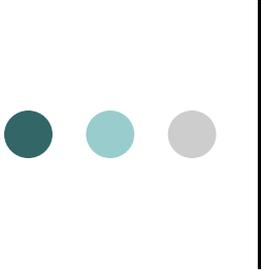
- With the passage of the ARRA, Texas has a chance to strategically and creatively use federal dollars to support students' academic performance by not only meeting, but exceeding state and federal standards
- Districts that meet this challenge with over a majority of their ARRA funds invested in the activities will be considered a district that has "Stepped Up" and earn a "Steps Up" designation making them eligible for certain benefits

○ How?

- LEAs conduct needs assessment of district and campuses
- Review 10 Texas Steps Up activities and strategic guidance
- Based on the initial assessment, decide which Steps Up activities can best address those needs in order to improve academic achievement and drive long-term reform

Texas Steps Up Strategies

Provide technology and professional development to create 21 st century classrooms	Establish and support a new professional development paradigm
Reward demonstrated effectiveness	Improve or replace human resource data systems
Provide resources necessary for Languages other than English in the elementary grades	Build enhanced student information & assessment systems
Develop or expand Pre-K or full day kindergarten	Restructure the traditional school schedule and class size
Expand teacher evaluation systems	Provide resources to establish and support virtual learning

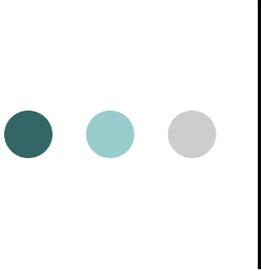


Texas Steps Up Benefits

- Through 2011, any district that receives the “Steps Up” designation will receive the following:

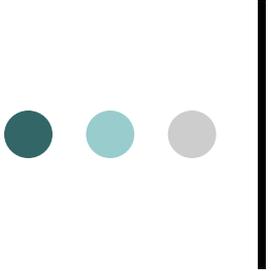
First Step	51% to 65% of your SFSF allotment	Additional priority points on any eligible TEA competitive discretionary grant
Second Step	66% to 80% of your SFSF allotment	Access to technical assistance resources to help with multiple program design and implementation
Third Step	81%+ of your SFSF allotment	Priority consideration for additional funding when ARRA funds lapse

- **Each step includes the benefits from the previous step.*
- **** A LEA may request for consideration of extenuating circumstances regarding the investment percentage of their allotment. LEAs will be required to submit corroborative evidence to support their request. In all cases the evidence supplied should clearly demonstrate significant budget constraints that adversely affect the district’s ability to meet the expressed guidelines.**
- Please visit www.tea.state.tx.us/arrastimulus for further information on Texas Steps Up



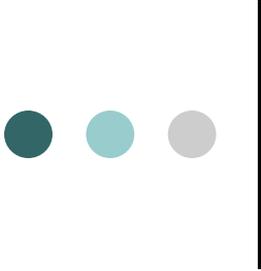
Planning for SFSF: Needs Assessment

- *First*, LEAs should utilize a needs assessment of their districts and campuses
 - See SFSF Strategic Guidance for suggestions on how to use a needs assessment for your LEA at www.tea.state.tx.us/arrastimulus
- *Second*, use the analysis to prioritize need in order to use SFSF most effectively while driving ARRA Reforms to improve student achievement
- *Third*, review the identified specific activities to ensure they are an authorized use of funds and align with the ARRA Reforms
- *Last*, consider Texas Steps  Up activities
 - Information on this Texas initiative is at www.tea.state.tx.us/arrastimulus



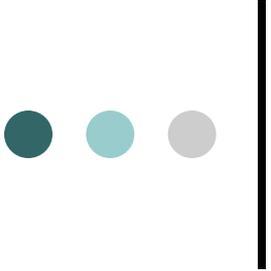
SFSF Application: Timeline

- The SFSF application for LEAs will be available Monday, August 3 2009 through the TEA eGrant website
- LEAs can apply for funds through Wednesday, September 30, 2009 by 5 PM (CST)
- Applications will be reviewed and approved on a rolling basis. LEAs can begin drawing down funds on Tuesday, September 1, 2009
- LEAs will need to agree to all Assurances and complete the Activity section in order to receive SFSF funds



SFSF Application: Assurances

- LEAs must check boxes in Part 1 of PS3410 to confirm acceptance of the specified assurances
- The specified assurances are included in PS3410 for emphasis; additional required assurances are listed in CS7000
- After checking the box next to each specified assurance in Part 1, enter specific activities in Parts 2-5 of PS3410



SFSF Application: Activities

- To enter a specific activity, first locate the category of authorized activities under which the specific activity falls

Categories of Authorized Activities

PS3410:

Part 2-ESEA

Part 3-IDEA

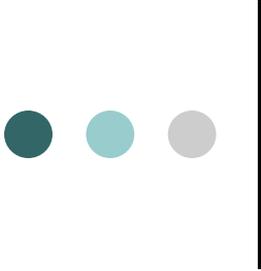
Part 4-AEFLA

Part 5-Perkins

- Under the category of authorized activities chosen, enter the specific activity that will be conducted with SFSF funds

SFSF Application: Activities

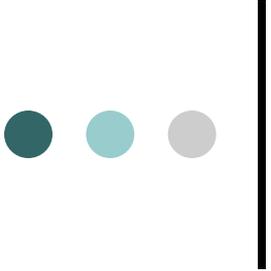
- For each specific activity, select one or more of the 4 ARRA Reforms that align with the expenditure
- If participating in Texas Steps  Up, choose the Steps Up program for the specific activity
- If using SFSF for construction, modernization, renovation or repair activities, special rules apply for completing the application



SFSF Application:

Construction, Modernization, Renovation, Repair

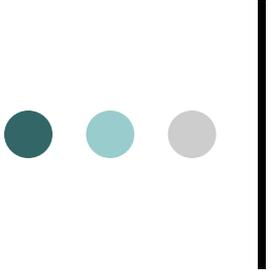
- BS6004 contains space for entry of two construction, modernization, renovation or repair activities
- For each activity, enter the information requested and provide a general description of the activity in the Project Justification field
- If applying to conduct more than two of these types of activities, aggregate entries as necessary
- Preferred method is to aggregate all construction activities into one entry and all modernization, renovation and repair activities into another
- When aggregating activities, enter one location in the campus # and Name fields and breakdown the different projects in the Project Justification field. If more than 500 characters are needed, provide additional detail in an attachment to the application



SFSF: Tracking & Accountability

TEA Reporting Requirements

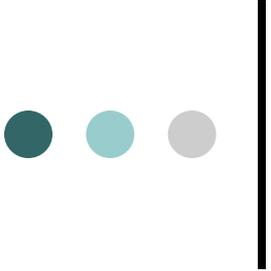
- Although the ARRA outlines reporting requirements for states, it is still unknown how this will impact LEAs or what reporting requirements LEAs may have to adhere to in order to aid Texas in complying with Section 1512
- LEAs will need to track their SFSF funds separately in anticipation of complying with transparency and accountability requirements
- In preparation for further guidance, the next slide is an outline of what TEA will be required to report. This should be a signal of possible requirements LEAs may have as we move into the SFSF grant period



SFSF: Tracking & Accountability

TEA Reporting Requirements

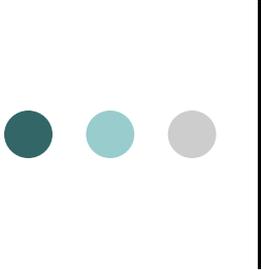
- Beginning with the quarter ending September 30, 2009, no later than 10 DAYS (**first report due October 10, 2009**) after each calendar quarter recipient must submit report to United States Department of Education (USDE) containing:
 - Total amount of recovery funds received from USDE
 - And of recovery funds received, amount that were expended or obligated to projects or activities
 - A detailed list of all projects or activities for which recovery funds were expended or obligated, including:
 - name of project of activity
 - a description of project or activity
 - an evaluation of the completion status of the project or activity
 - estimate of number of jobs created and retained by the project or activity



SFSF: Tracking & Accountability

TEA Reporting Requirements

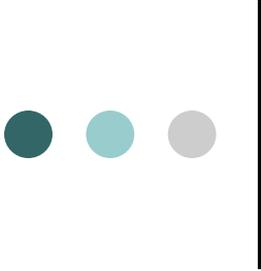
- for infrastructure investments made by state and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this act, name of the person to contact at agency if there are concerns with the infrastructure investment.
- Detailed information on any subcontracts or sub-grants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006, allowing aggregate reporting on awards below \$25,000 or to individuals, as prescribed by the Director of Office of Management and Budget (OMB).
- All data contained in each quarterly recipient report will be **cumulative** in order to encompass the total amount of funds expended to date.
 - This means that reports due on October 10, 2009, will include funding from February 17, 2009 (ARRA enactment) through September 30, 2009.



SFSF: Tracking & Accountability

Possible USDE Further Reporting

- In a USDE April 1 guidance document data metrics were outlined as possible future reporting requirements based on 4 reforms
- While the state is responsible for reporting data to the USDE, elements of this data would be collected from the LEAs to form the state's aggregate data collection
- LEAs will be required to report to the Texas Education Agency through quarterly progress reports. When reporting requirements are finalized, guidance will be issued to LEAs to fulfill the reports
- Currently, the Federal Register has posted proposed regulations, priorities and other rules for public comment on SFSF program
- The following slides are examples of possible metrics outlined in the April 1, USDE guidance



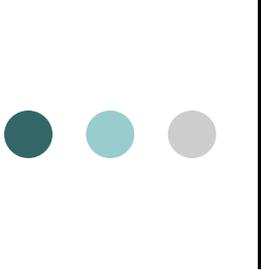
SFSF: Possible Performance Measures

Teacher effectiveness and ensuring that all schools have highly qualified teachers

- the number and percent of teachers in the highest-poverty and lowest-poverty schools in the state who are highly qualified;
- the number and percent of teachers and principals rated at each performance level in each local educational agency's (LEA's) teacher evaluation system; and
- the number and percent of LEA teacher and principal evaluation systems that require evidence of student achievement outcomes

Higher standards and rigorous assessments that will improve both teaching and learning

- whether the state has developed and implemented valid and reliable assessments for students with disabilities and the percent of students with disabilities tested on state mathematics and English Language Arts (ELA) assessments;
- whether the state has developed and implemented valid and reliable assessment for English language learners and the percent of English language learners tested on state mathematics and ELA assessments; and
- the number and percentage of students by school who graduate high school and go on to complete at least one year's worth of college credit (as applicable to a degree) within two years.



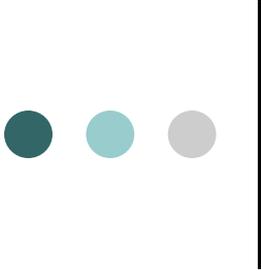
SFSF: Possible Performance Measures

Intensive support, effective interventions, and improved achievement in schools that need it the most

- the number of schools in restructuring status that have demonstrated substantial gains in student achievement, closed, or consolidated within last three years;
- the number and percent of schools in restructuring status that have made progress on state assessments in mathematics and ELA in last year; and
- whether the state allows charter schools and whether there is a cap restricting the number of such schools, the number of charter schools currently operating in the state, and the number of charter schools closed within the last three years for academic purposes.

Better information to educators and the public, to address the individual needs of students and improve teacher performance

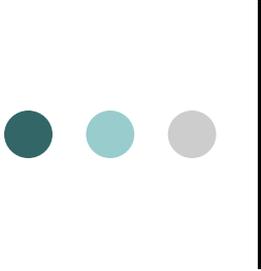
- progress towards implementing a statewide data system which includes each of the 12 elements described in the America COMPETES Act, to track progress of individual students, from preschool through postsecondary education, and match students to individual teachers; and
- whether all teachers in mathematics and ELA in tested grades receive timely data on the performance of their students and estimates of individual teacher impact on student achievement, in a manner that informs instruction and includes appropriate benchmarks.



Webinar Dates

Please visit www.tea.state.tx.us/arrastimulus to sign up for the SFSF Webinar

- Thursday, July 30, 2009 11:00 - 12:30pm CST
- Friday, July 31, 2009 2:00 - 3:30pm CST
- Wednesday, August 5, 2009 11:00 - 12:30pm CST
- Thursday, August 6, 2009 2:00 - 3:30pm CST
- Monday, August 10, 2009 2:00 - 3:30pm CST
- Wednesday, August 12, 2009 10:00 - 11:30am CST
- Wednesday, August 19, 2009 2:00 - 3:30pm CST
- Tuesday, August 25, 2009 2:00 - 3:30pm CST
- Wednesday, September 2, 2009 11:00 - 12:30pm CST
- Tuesday, September 8, 2009 2:00 - 3:30pm CST
- Thursday, September 17, 2009 11:00 - 12:30pm CST
- Tuesday, September 22, 2009 2:00 - 3:30pm CST
- Monday, September 28, 2009 10:00 - 11:30am CST
- Tuesday, September 29, 2009 10:00 - 11:30am CST
- Wednesday, September 30, 2009 10:00 - 11:30am CST

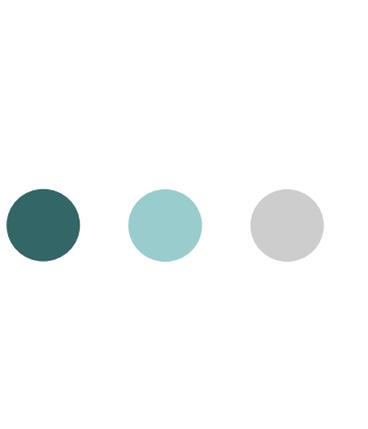


Resources

- [United States Department of Education Recovery Website](#)
- [United States Department of Education Recovery: Programs](#)
- **USDE Federal Register**
www.ed.gov/news/fedregister/proprule/index.html
- [March 12, 2009 ARRA Saving and Creating Jobs and Reforming Education](#)
- [April 2009 Guidance on the State Fiscal Stabilization Fund Program](#)
- [April 1, 2009 State Stabilization Letter to Governors](#)
- [April 24, 2009 Using Funds to Drive School Reform and Improvement](#)



Question and Answers



Contact Information

USDE:

Please email any questions about the SFSF program for the USDE to State.Fiscal.Fund@ed.gov.

Please write ARRA in the email subject line.

TEA:

Office of ARRA Coordination

Phone: 512.936.3647

Website: www.tea.state.tx.us/arrastimulus/

Email: arrastimulus@tea.state.tx.us

Or join the Stimulus-Funds for Texas Education [listserv](#) by entering in your email address and name, then choose your preferred format, join or leave.

Formula Funding Division

Phone: 512. 463.8525

State Funding Division

Phone: 512.463.9238 and indicate that you need information about the HB 3646 calculation in order to route your call to the appropriate staff