



## THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009:

### SELECTED FUNDING STREAMS FOR STRUGGLING STUDENTS AND DISCONNECTED YOUTH

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**JOBS FOR THE FUTURE**

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## THE PURPOSE OF THE RECOVERY ACT IS TO CREATE AND SAVE JOBS, JUMPSTART OUR ECONOMY, AND BUILD THE FOUNDATION FOR LONG-TERM ECONOMIC GROWTH.

### –American Recovery and Reinvestment Act

On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act, better known as the economic stimulus plan. Congress and the Obama Administration acted in the wake of an economic crisis spurred by a deepening recession. Among its aims in passing the ARRA, Congress moved to help states and local jurisdictions reduce growing fiscal shortfalls that threaten the work of community leaders across the nation. Yet the intent of Congress went beyond acting to stabilize state and local budgets and create jobs: it also uses this one-time, unprecedented appropriation to lay the groundwork for long-term economic growth. The act dedicates funding for innovation in and the expansion of many federal investments. This document summarizes selected ARRA funding streams for struggling students and disconnected youth.

Funds authorized under ARRA will flow quickly to states and localities. This summary is designed to help community leaders who seek to maintain and advance efforts to create pathways for struggling students and disconnected youth. It addresses what is known of the intent, the allocation process, and the most relevant sections of ARRA.

However, beyond the legislative language and the accompanying House-Senate conference report, there is little information on how ARRA funds will be dispersed and how states may access them. In the coming weeks, executive branch departments will provide information on the dispersal of funds, guidance on how they may be used, and application procedures for accessing the funds, where applicable.

The full text of the ARRA is available at: [www.recovery.gov](http://www.recovery.gov)



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## STATE FISCAL STABILIZATION FUND (ADMINISTERED BY THE U.S. DEPARTMENT OF EDUCATION)

### EDUCATION FUND

\$46 billion<sup>1</sup>

- **INTENT.** Congress provided fiscal relief funds to prevent tax increases and cutbacks in critical education and other services. Congress intends for states to use the education funds to restore state support of education to 2008 or 2009 levels, whichever is greater.
- **AUTHORIZATION.** Congress authorized that 81.8 percent of stabilization funds provided to states be used to make up short falls in elementary, secondary, and postsecondary education, and if applicable early childhood education.
- **STATE ALLOCATION.** Congress directed the Department of Education to allocate funds to states on the following basis: 61 percent based on population ages 5-24; 39 percent based on total state population.
- **STATE PROVISIONS.** States are required to use funding first to restore state aid to school districts under state education funding formulas to 2008 or 2009 levels, whichever is greater. Any remaining funds must be allocated to school districts based on the federal Title I formula. State applications must provide assurances that they are maintaining state funding efforts, achieving equity in teacher distribution, improving the collection and use of data, improving standards and assessments, and supporting struggling schools identified under corrective action guidelines.
- **LOCAL PROVISIONS.** Local education agencies may use the funds for activities authorized under the Elementary and Secondary Education Act, Individuals with Disabilities Education Act, and the Perkins Act and for school modernization, renovation, and repair of public facilities (including charter schools).

### STATE INCENTIVE GRANTS—RACE TO THE TOP FUND

\$5 billion

- **INTENT.** Congress provided discretionary funding to the Secretary of Education to provide incentives to states that have made significant progress in:
  - » Achieving equity in teacher distribution
  - » Improving collection and use of data
  - » Improving assessments and standards
  - » Supporting struggling schools (i.e., complying with corrective action requirements)
- **STATE ALLOCATION AND PROVISIONS.** Congress authorizes the Secretary of Education to exercise discretion and develop criteria for grantmaking.
- **LOCAL PROVISIONS.** At least 50 percent of state incentive grant funding will be dispersed as subgrants to local education agencies based on relative Title I allocations. Local education agencies may use the funds to provide education activities as authorized under ESEA, IDEA, Perkins, or the Adult and Family Literacy Act.

### INNOVATION FUND

\$650 million

#### (\$650 MILLION RESERVED FROM THE \$5 BILLION STATE INCENTIVE GRANT FUND)

- **INTENT.** Congress authorized discretionary funds for the Secretary of Education to provide “academic achievement awards” to local education agencies, partnerships between nonprofit organizations and local education agencies, or consortiums of schools that have:
  - » Significantly closed achievement gaps;
  - » Exceeded measurable objectives or raised all student achievement;
  - » Made significant improvement in other areas (i.e., graduation rates, recruitment of high quality teachers); and
  - » Established partnerships that will provide matching funds to bring results to scale.<sup>2</sup>
- **ALLOWABLE ACTIVITIES.** Grantees may use the fund to:
  - » Expand work and serve as models of best practice;
  - » Work in partnership with private and philanthropic entities; and
  - » Identify and document best practices.

## U.S. DEPARTMENT OF EDUCATION FUNDS

### TITLE I TARGETED GRANTS

- **INTENT.** Congress appropriated additional Title I funding to support the education of disadvantaged students. These funds are meant to mitigate the effects of recent reductions in local revenues and state support.
- **STATE AND LOCAL ALLOCATIONS.** Fund will be allocated to states and local education agencies based on existing Title I formulas.
- **PROVISIONS.** The conference report suggests that some of the funding be provided for early childhood programs and activities.

\$10 billion

### TITLE I SCHOOL IMPROVEMENT GRANTS

- **INTENT.** Congress appropriated an additional \$3 billion to support states in improving low-performing schools that have been identified as not making adequate yearly progress.
- **STATE ALLOCATIONS.** Funds will be allocated to states under Title I provisions described in section 1003(g). As described in this section, state education agencies shall submit an application to receive these funds.
- **STATE AND LOCAL ACTIVITIES.** States will provide targeted assistance to schools identified for school improvement, corrective action, or restructuring under the accountability provisions in the Elementary and Secondary Education Act.<sup>3</sup>
- **PROVISIONS.** The conference report encourages states to use 40 percent of this funding for middle and high schools.

\$3 billion

### SCHOOL IMPROVEMENT PROGRAMS—HOMELESS EDUCATION

- **INTENT.** Congress appropriated additional funds to states to fund two education improvement programs: education technology and education for homeless youth (McKinney-Vento Homelessness Assistance Act).
- **STATE ALLOCATION.** The Secretary of Education is to allot \$70 million of the \$720 million to states in proportion to the number of homeless students identified during the 2007-08 school year relative to the number of children identified nationally.
- **LOCAL ALLOCATION.** States shall provide subgrants to local education agencies on a competitive basis or according to a formula based on the number of homeless students.

\$720 million

### SPECIAL EDUCATION (IDEA)

- **INTENT.** Congress appropriated additional special education funds to states to mitigate the effect of recent reductions in local revenues and state support for special education.
- **STATE AND LOCAL ALLOCATIONS/ACTIVITIES.** Funds will be allocated to states and local education agencies based on the current formula to fund existing authorized activities.

\$12.2 billion

### STATEWIDE DATA SYSTEMS

- **INTENT.** Congress appropriated additional funds to the Institute for Education Sciences (IES) to carry out the Education Technical Assistance Act. These funds can be used for statewide data systems that include postsecondary and workforce information.
- **ALLOCATIONS AND ACTIVITIES.** States will participate in a new phase of the current Statewide Longitudinal Data Grant Program administered by IES. States should expect changes in the data grant guidelines to reflect linkages to postsecondary and workforce. IES can make up to \$5 million available to states for state data coordinators and for awards to public and private entities to improve data coordination.

\$250 million

## U.S. DEPARTMENT OF LABOR—WIA FUNDS FOR YOUTH

### YOUTH ACTIVITIES

- **INTENT.** Congress intends for these funds to be used to create year-round youth activities and summer employment opportunities for youth. Congress made two adaptations for the purposes of this funding.
  - » Eligibility. The age of youth being served by funded activities was extended from 21 to 24.
  - » Performance measures. For summer employment alone, work readiness will be the only indicator used to assess effectiveness of funded programs.
- **ALLOCATIONS.** Funding will be allocated under current provisions.
- **PROVISIONS.** Funding may not be used for Youth Opportunity grants

\$1.2 billion

### YOUTHBUILD

- **INTENT.** To support and expand YouthBuild.
- **ALLOCATION.** Funding will be provided under currently used mechanisms.
- **PROVISIONS.** Congress provides these funds to allow for expanded services for at-risk youth who gain education and occupational credentials while constructing or rehabilitating affordable housing. The conference agreement includes language to allow YouthBuild grantees to serve individuals who have dropped out of school and reenrolled in an alternative school, if that reenrollment is part of a sequential service strategy.

\$50 million

### JOB CORPS

- **INTENT.** Congress intends these funds to provide for the construction, rehabilitation, or acquisition of Job Corps centers.
- **ALLOCATION.** The Secretary of Labor shall provide to Congress an operating plan describing the allocation of funds.
- **PROVISIONS.** The Secretary of Labor may transfer up to 15 percent of the funds to meet the operational needs of Job Corps centers. These needs may include training for careers in the energy efficiency, renewable energy, and environmental protection industries.

\$250 million

## U.S. DEPARTMENT OF JUSTICE FUNDS

### STATE AND LOCAL LAW ENFORCEMENT

- **INTENT.** Congress appropriated an additional \$225 million for the State and Local Law Enforcement Assistance Program.
- **ALLOCATION.** Funding will flow through existing competitive grant structures.
- **PROVISIONS.** These competitive grants may be used for youth mentoring.

\$225 million

## ENDNOTES

1. This number is approximate. Legislative language requires 81.8 percent of state stabilization dollars go into the education fund. The remainder of state funds can be used for other government services (e.g., public safety, school renovations, and modernization).
2. If the nonprofit within a partnership has a record of achievement in these areas, the partnership is deemed to have fulfilled these requirements.
3. Full provision of ESEA available at: [www.ed.gov/policy/elsec/leg/esea02/pg2.html#sec1116](http://www.ed.gov/policy/elsec/leg/esea02/pg2.html#sec1116)



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