



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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GOVERNOR

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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

December 2, 2009

**MEMORANDUM**

TO: State Board of Education

FROM: Michael P. Flanagan, Chairman

SUBJECT: Update on American Recovery and Reinvestment Act (ARRA) of 2009

In November 2009, the U.S. Department of Education (USED) issued the final requirements for Phase 2 of the State Fiscal Stabilization Fund (SFSF) and the Race to the Top (RTTT) grant under the American Recovery and Reinvestment Act (ARRA). Prior to the release of the final regulations changes were made in response to over 1,200 comments received by the USED. The regulations provide important information on the points allocated to various components of the RTTT grant application.

**State Fiscal Stabilization Fund – Phase 1**

Phase 1 began funding districts in the FY 08-09 school year for restoration funds in the amount of \$600 million. For the FY 09-10 school year, \$204 million has been approved for districts to draw. Since October 1, 2009, over \$53 million has been drawn by districts. Funds were also made available for public colleges and universities in the amount of \$68 million. The application for these funds is available in the Michigan Electronic Grants System (MEGS) and is due Friday, December 11, 2009. The applications will be reviewed and approved by the Governor's Office.

**State Fiscal Stabilization Fund – Phase 2**

States receiving funds under Phase 2 of the SFSF program are required to provide assurances in four key areas of education reform: (a) achieving equity in teacher distribution, (b) improving collection and use of data, (c) standards and assessments, and (d) supporting struggling schools. The application requires specific data and information and a state plan describing the state's ability to collect and publicly report the required data and other information. Upon approval of the SFSF Phase 2 application, Michigan will be awarded the remaining \$429,781,767 of the Federal

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allocation. Once the funds are available to the state, the Department will approve the local district allocations.

### **Race to the Top (RTTT)**

The RTTT program is a \$4.35 billion competitive grant program designed to encourage and reward states for implementing comprehensive reforms across four key reform areas (standards and assessments, effective teachers and administrators, data systems, and struggling schools). To be eligible to receive funds under the RTTT program, the state's application for funding under Phase 1 and Phase 2 of the SFSF program must be approved by the U.S. Department of Education (USED) prior to the state being awarded a Race to the Top grant. In addition, there must be no legal barriers at the state level to linking student achievement data to teachers and principals for purposes of evaluation. MDE and Learning Point Associates attended a technical assistance meeting conducted by the USED on December 3, 2009 and will provide an overview of the RTTT regulations and application at the December 8 meeting.

### **Important Dates**

#### *State Fiscal Stabilization Fund – Phase 2*

November 9, 2009 – Notices published in the Federal Register

January 11, 2009 – Application deadline for Phase 2

#### *Race to the Top – Phase 1*

November 18, 2009 – Notices published in the Federal Register

January 19, 2010 – Application deadline for Phase 1

April 2010 – Winners announced for Phase 1

#### *Race to the Top – Phase 2*

June 1, 2010 – Application deadline for Phase 2

September 2010 – Winners announced for Phase 2

The State Board of Education will have an opportunity to discuss key state legislation related to RTTT under Item N, State and Federal Legislative Update Including Positions on Bills Required for Race to the Top Application, on the December 8, 2009 agenda.