



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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September 2, 2009

**MEMORANDUM**

TO: Intermediate and Local School District Superintendents and Public School Academies Administrators

FROM: Carol Wolenberg, Deputy Superintendent *aw*

SUBJECT: ARRA Talking Points for Start of School Year

Much has happened during the summer months relating to the American Recovery and Reinvestment Act (ARRA). We thought it would be helpful to offer the following major talking points for your use at the local level:

***Background***

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009, historic legislation designed to stimulate the economy; support job retention and creation; and invest in critical sectors, including education.

In addition to providing funding to restore state budgets, the Recovery Act lays the foundation for education reform by supporting investments in innovative strategies that most likely will lead to improved results for students; long-term gains in school and school system capacity; and increased productivity and effectiveness.

Four Guiding Principles

- Spend funds quickly to save and create jobs
- Improve student achievement through four core reform assurances
- Ensure transparency, reporting, and accountability
- Invest one-time funds wisely to sustain reforms

Core Reform Assurances for Education

- *Great Teachers and Leaders:* Improve teacher effectiveness and assure equitable distribution of effective teachers in schools and classrooms
- *Standards and Assessment:* Implement college and career-ready standards and rigorous assessments
- *Turning Around Struggling Schools:* Improve achievement in low-performing schools
- *Data Systems to Support Instruction:* Enhance data systems to track student progress

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The Recovery Act is a temporary infusion of Federal dollars to help the economy recover. This is short-term strategy for states to implement dramatic reforms with long-term impact.

This temporary funding is only available for three years, through September 2011. Unless the state finds revenue to replace it, Michigan's education budget will face a "funding cliff," with larger deficits in the future.

Recovery Act funds were available to fill the holes in the state's education budget in FY 09. The FY 10 budget deficit still exists and continues to grow. Projections for FY 10 suggest Recovery Act funds will help cover part of the deficit for school districts, but there will not be enough to completely restore the education budget, and no Recovery Act funding will be available to mitigate FY11's deficit.

### ***Grant Developments Since June 2009***

The first of two phases of **IDEA Flowthrough** dollars has been made available to states. The remaining 50 % is to be made available from the U.S. Department of Education (USED) to states by September 1, 2009.

**IDEA Special Education Preschool** dollars have been made available.

**IDEA Early On Michigan** dollars have been made available.

The **Title I, Part A, Improving Basic Programs** funds will be available to districts beginning September 1, 2009, for LEAs with approved applications. This program provides \$880 million in regular and ARRA funding through the Consolidated Application in MEGS.

**Equipment Grant Assistance** competitive awards have been made to approximately 100 school districts/agencies participating in the National School Lunch Program. Over 500 school districts/agencies submitted applications.

Twenty-nine consortium applications were received for the **McKinney–Vento Homeless Grant**. Awards have been approved and all applications will be funded, allocating the full \$2.17 million received by Michigan, based on counts of homeless students reported in the state student database system.

**Emergency Food Assistance Program** administrative funds have been distributed to 30 agencies.

762 school districts and public school academies had access to \$600 million of **Stabilization Fund Phase I** dollars for restoration for the FY 09 fiscal year. These dollars offset the reduction in state school aid funding. As of July 31, 2009, all districts and public school academies that submitted their applications for these funds were approved and were able to begin accessing their funds.

On July 24, 2009 the U.S. Department of Education released new draft applications and information on additional Recovery Act funding opportunities: State Fiscal Stabilization Fund (SFSF) Phase II; Investing in Innovation Fund; Race to the Top; Teacher Incentive Fund; State Longitudinal Data Systems (SLDS); Title I School Improvement and State Educational Technology Grants.

State Fiscal Stabilization Fund II (In progress)

- Designed to restore state spending on K-16 education.
- To obtain their second and final installment of SFSF dollars, states must submit an application to USED and show how they will report their progress on each core reform assurance.

Investing in Innovation Fund (Anticipated Fall 2009)

- \$650 million in competitive grants directly to districts and non-profit organizations that have a strong record of improving student achievement.
- Specific information is not yet available from USED.

Race to the Top (In progress)

- \$4.35 billion in competitive grants to states implementing innovative approaches to improve academic achievement.

Teacher Incentive Fund (Anticipated Fall 2009)

- \$200 million to states or LEAs to provide differentiated pay structures, career ladders, professional development, etc.

State Longitudinal Data Systems (In progress)

- Assistance for states to further build and promote the use of statewide data systems to improve P-16 student achievement and success.

Title I School Improvement (In progress)

- Assistance for local school improvement activities for Title I schools that do not make adequate yearly progress for at least two consecutive years.

State Educational Technology Grants (Anticipated Fall 2009)

- 50% formula funding/50% competitive grants for eligible LEAs to purchase technology to improve student achievement and instruction.

***Reporting Requirements***

The Federal Office of Management and Budget (OMB) and USED will be providing additional guidance on reporting requirements. What we do know:

- An unprecedented level of accountability will apply to Recovery Act funds.
- Each state and LEA that receives Recovery Act support must ensure that funds are used prudently and in accordance with the law, and report how those funds were spent, including project descriptions and cost.
- Federal law will require LEAs to provide a school-by-school listing of per-pupil expenditures from state and local sources.
- The first reporting deadline to OMB is October 10, 2009 (further guidance is expected soon.)

***Resources and Guidance***

- Michigan Recovery Website ([www.michigan.gov/recovery](http://www.michigan.gov/recovery))
- Michigan Department of Education Recovery Website ([www.michigan.gov/mde-recovery](http://www.michigan.gov/mde-recovery))
  - updated information, guidance, funding/allocation information, timeline summaries, key contacts
- US Department of Education Recovery Website ([www.ed.gov/recovery](http://www.ed.gov/recovery))
- US Treasury Department's Recovery Act Website ([www.ustreas.gov/recovery](http://www.ustreas.gov/recovery))
  - Qualified School Construction Bonds (QSCD)
  - Qualified Zone Academy Bonds (QSCB, QZAB)
- Federal Recovery Website ([www.recovery.gov](http://www.recovery.gov))

cc: William Mayes, MASA  
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