

MICHIGAN DEPARTMENT OF EDUCATION
Grants Coordination and School Support

**American Recovery and Reinvestment Act (ARRA) of 2009
State Fiscal Stabilization Fund – Education Stabilization Fund Grant
Announcement**

BACKGROUND

Public Law 111-5, the American Recovery and Reinvestment Act of 2009, created the State Fiscal Stabilization Fund (SFSF) to provide funds to help stabilize state and local budgets to minimize and avoid reductions in education and other essential services, and to save and create jobs. The Education Stabilization Fund (ESF) portion of the SFSF comprises 81.8% of the total SFSF dollars allocated to the State of Michigan. The remaining 18.2% is allocated to the Government Services Fund (GSF) portion of the SFSF program.

Four principles guide the distribution and use of ARRA funds: (1) spend funds quickly to save and create jobs; (2) improve student achievement through school improvement and reform; (3) ensure transparency, reporting and accountability; and (4) invest one-time ARRA funds thoughtfully to minimize the "funding cliff."

In order to help stabilize state and local budgets to minimize and avoid reductions in education and other essential services, and to create and save jobs, Governor Jennifer M. Granholm has applied for State Fiscal Stabilization (SFSF) Funds from the U.S. Department of Education.

In exchange for the funds, the state commits to advance essential education reform in four areas: (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need; (2) establishing pre-K-to-college-and-career data systems that track progress and foster continuous improvement; (3) making progress toward rigorous college and career-ready standards and high-quality assessments that are valid and reliable for all students, including limited English proficient students and students with disabilities; and (4) providing targeted, intensive support and effective interventions for the lowest performing schools.

The Michigan Department of Education is acting on behalf of the Governor in asking you to submit this application, which covers the initial allocation and any future allocations of ESF monies.

ELIGIBLE APPLICANTS

Eligible applicants include all Michigan public schools, as defined by Michigan Compiled Law that receive a decrease to section 22b of their State Aid Payment in 2009. Eligibility information for FY 2010 will be provided when the information becomes available.

REQUIRED COMPONENTS

The ESF application consists of assurances, certifications, and a brief statement on the use of funds. All eligible applicants must initiate an application in the Michigan Electronic Grants System (MEGS) and either accept or refuse ESF funds. Only a MEGS Authorized Official (Level 5) may initiate the grant application in MEGS.

In order to accept ESF funds, an applicant must:

- (1) check the box indicating acceptance of Education Stabilization Funds;
- (2) certify agreement to all assurances;
- (3) enter a brief (2,500 character maximum) statement on the intended use of the funds; and
- (4) save the page.

To refuse ESF funds, the applicant must check the box indicating refusal of Education Stabilization Funds and save the page.

If an applicant mistakenly refuses funds, it may request to amend the application. For an applicant to qualify for FY 2009 Education Stabilization funds, the application must be submitted on or before July 31, 2009.

TOTAL FUNDS AVAILABLE

It is estimated that \$600 million will be available for allocation to eligible applicants in FY 2009. Allocations for FY 2010 will be announced as soon they are determined. Funds for FY 2009 and FY 2010 will be available pending legislative appropriation.

USE OF FUNDS

While ESF allocations are based upon the state's school aid funding formulae, it is of great significance to note that the **ESF monies are FEDERAL grant monies** and subject to any and all applicable Federal spending, accounting, and reporting requirements.

ESF funds may be used for any activity authorized by the:

- (1) Elementary and Secondary Education Act of 1965 (ESEA);
- (2) Individuals with Disabilities Education Act (IDEA);
- (3) Adult Education and Family Literacy Act (AEFLA);
- (4) Carl D. Perkins Career and Technical Education Act (Perkins Act); or
- (5) for modernization, renovation or repair of public school facilities including modernization, renovation, and repair that is consistent with a recognized green building rating system (ARRA Division A, Section 14003).

MDE strongly encourages use of ESF funds in ways most likely to assist the state in making progress in areas related to essential education reform in the following four areas:

- (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;
- (2) establishing pre-K-to-college-and-career data systems that track progress and foster continuous improvement;

(3) making progress toward rigorous college and career-ready standards and high-quality assessments that are valid and reliable for all students, including limited English proficient students and students with disabilities; and

(4) providing targeted, intensive support and effective interventions for the lowest performing schools.

See the "RESOURCES" section at the end of this document for further information regarding the use of funds.

DUE DATE

Applications can be submitted at any time after the application is available in MEGS; however, applications must be submitted using MEGS **no later than July 31, 2009** in order to receive FY2009 Education Stabilization funds.

If a LEA does not submit an application by July 31, 2009, the LEA will not receive FY 2009 ESF grant funds.

TIMELINE

ESF applications will be reviewed and approved on a rolling basis. Pending appropriation by the Michigan Legislature, grant funds will be made available within two weeks of receipt of an approvable application.

The tentative time frame for the operation of this grant program includes these major milestones:

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| June 12, 2009 | Allocations presented to the Superintendent of Public Instruction for approval |
| June 12, 2009 | Allocation and application information available on MDE website |
| June 12, 2009 | Application available in MEGS |
| July 31, 2009 | Applications due |
| September 30, 2011 | Grant ending date |
| October 30, 2011 | Final Performance Report due |
| TBD | Final Expenditure Report due within 60 days of the expenditure of all funds or within 60 days of the grant ending date, whichever comes first. |

Additional quarterly reports may be required. Notification of these dates, if any, will be announced as soon as final guidance is issued by the U.S. Department of Education.

ASSURANCE OF ACCURACY

If, during the implementation of any funded project, MDE establishes that inaccurate or false information was provided in the application, the grant may be rescinded.

REJECTION OF PROPOSALS

MDE reserves the right to reject any and all proposals received as a result of this announcement.

LENGTH OF AWARD

The award period for the FY 2009 ESF grant is April 1, 2009 through September 30, 2011.

PAYMENT SCHEDULE

Upon receipt of a Grant Award Notification from MDE, the grantee may claim reimbursement through the Cash Management System (CMS) for allowable expenditures going back as far as April 1, 2009.

FINANCIAL REPORTING

The state is required to submit quarterly reports to the U.S. Department of Education; however, the U.S. Department of Education has not yet issued final guidance on the reporting requirements for ESF funds. At this time, it is unknown if information from subgrantees will be required in these quarterly reports. If such information is required, all subgrantees will be required to submit to MDE the information necessary for the state to submit its quarterly reports.

The U.S. Office of Management and Budget is also expected to issue government-wide guidance on ARRA reporting requirements and procedures. MDE will only require reporting that is consistent with Federal guidance and requirements.

Recipients may be asked to provide detailed information and documentation on all grant expenditures. ESF funds must be accounted for and tracked separately.

A final expenditure report will be required within 60 days of the expenditure of all funds or within 60 days of the grant ending date, whichever comes first.

A Data Universal Numbering System (DUNS) number is required for all recipients of ARRA funds. This number must be included on all required ARRA reports. In addition to obtaining a DUNS number, your organization must register with the Central Contractor Registration (CCR) after receiving a DUNS number.

Most organizations that have applied directly to the federal government for a grant already have DUNS numbers and are already registered with the CCR. Ask your grant administrator, chief financial officer, or authorizing official if your organization is already registered with the CCR and for your organization's DUNS number.

If your organization does not have a DUNS number or you need to verify whether or not you have a DUNS number, follow the steps in this guide -

http://www.whitehouse.gov/omb/grants/duns_num_guide.pdf. If your organization needs to register with the CCR or you need to verify whether or not you are registered, you can do so online at www.ccr.gov. CCR has developed a handbook at <http://www.ccr.gov/Handbook.aspx> to help you with the process.

You must then enter your Data Universal Numbering System (DUNS) Number into the Educational Entity Master (EEM). The checkbox for the Central Contractor Registration (CCR) must also be checked in the EEM. Each entity in the EEM should have an assigned EEM entity authorized user. This person is designated by the superintendent or administrator to make changes in the EEM record(s).

If you do not know the name of your EEM entity authorized user, please send an e-mail message to cepi@michigan.gov or call 517-335-0505 and choose option 3. Please provide your name, entity name, district code, district name (if applicable), CEPI application name, your telephone number (including area code and extension), your e-mail address, and your specific questions.

It is recommended that you register now, well in advance of any report due date, as the registration process may take several days to be finalized.

ACCOUNTABILITY AND TRANSPARENCY

In keeping with accountability, transparency, and reporting requirements, any and all portions of a district's ESF application and reports on the use of funds may be publicly posted.

MONITORING VISITS

All subgrantees are subject to onsite grant review from state or federal auditors. Recipients must maintain and make available, in the event of a monitoring visit, evidence and documentation to support all expenditures.

QUESTIONS

Questions regarding how an allocation was determined should be directed to the Office of State Aid and School Finance at 517-335-0524. **All other** questions should be directed to the Grants Administration and Coordination Unit by email to MDEstabilization@michigan.gov or by phone at 517-373-1806.

RESOURCES

The U.S. Department of Education frequently posts updated information about the ESF Program on its website – <http://www.ed.gov>. ESF guidance is also available on the following websites: <http://www.ed.gov/programs/statestabilization/guidance.pdf> and <http://www.ed.gov/policy/gen/leg/recovery/guidance/uses.doc>.

Brustein and Manasevit, Attorneys at Law, have provided guidance on the use of funds. It can be found online at - http://www.michigan.gov/documents/mde/Brustein_Manasevit_Allowable_Uses_Funds_Under_ARRA_for_LEAs_279697_7.pdf.

The complete text of the regulations cited in the assurances can be found online. The links are as follows:

American Recovery and Reinvestment Act of 2009

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf

Section 442 of the General Education Provisions Act (GEPA) (20 U.S.C. 1232e)

<http://uscode.house.gov/download/pls/20C31.txt>

Section 1232f of General Education Provisions Act (GEPA) (20 U.S.C. 1232f)

<http://uscode.house.gov/download/pls/20C31.txt>

Section 794 of title 29 (29 U.S.C. Sec. 29)

<http://uscode.house.gov/download/pls/29C16.txt>

Section 427 of GEPA (20 U.S.C. 1228a)

<http://uscode.house.gov/download/pls/20C31.txt> and
<http://www.ed.gov/fund/grant/apply/appforms/gepa427.doc>

Elementary and Secondary Education Act (20 U.S.C. 6301 et seq.)

<http://uscode.house.gov/download/pls/20C70.txt>
<http://www.ed.gov/policy/elsec/leg/esea02/beginning.html>

Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)

http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ446.108

Adult Education and Family Literacy Act (WIA--P.L. 105-220)

<http://www.ed.gov/policy/adulted/leg/legis.html>

Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2301 et seq.)

<http://www.ed.gov/policy/sectech/leg/perkins/index.html>

EDGAR (34 CFR Parts 74-86 and 97-99)

<http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>

OMB Circulars

<http://www.whitehouse.gov/omb/circulars/>