

Schools should see stimulus funds next month

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AASA webinar offers new insights on how the money will be disbursed

By Dennis Pierce, Managing Editor

School districts should begin receiving billions of dollars in stimulus funding within a few weeks, and administrators are advised to "spend carefully" and keep detailed records of their expenditures, the American Association of School Administrators (AASA) said on March 10.

As part of a weekly series of webinars on the stimulus package and its implications for schools, AASA Associate Executive Director Bruce Hunter described the three kinds of stimulus funding for education and revealed new insights from the federal Education Department (ED) about how the money will be disbursed.

The first pool of money is for established formulas such as Title I, the Individuals with Disabilities Education Act (IDEA), and the Enhancing Education Through Technology (EETT) program. Hunter said federal officials will release the first half of these funds to state education departments by the end of March, and school systems should see this money by the end of April.

For IDEA, this first installment will total nearly \$6 billion, and districts will qualify based on their eligibility for IDEA funding in fiscal year 2008. The second round of IDEA stimulus funding will be released to states Oct. 1, and schools are obligated to spend all the money by Sept. 10, 2010.

For Title I, the first installment of stimulus funding will be \$5 billion. To get the second half of the money, however, states will have to submit a report showing how this first half was used.

"You will have new record-keeping and reporting requirements along with the new money," Hunter told webinar participants. For that reason, he said, AASA recommends spending the money wisely.

"They want this [process] to be as transparent as they can make it," Hunter said of federal officials. He added that the stimulus money is in addition to the education

funding contained in the omnibus spending bill for fiscal 2009 that Congress aimed to finish in mid-March.

ED is cautioning school leaders that the stimulus marks a large, one-time increase in federal education funding--and they shouldn't count on having this much funding every year. Hunter said federal officials are billing these funds as a "unique opportunity to make short-term investments with the potential for long-term benefits."

In other words, he said, these formula-based stimulus grants are intended to fund sustainable projects and activities that will improve teaching, learning, and educational outcomes for all students, and especially those with disabilities.

Suggested uses for IDEA funds include buying assistive technology (AT) devices for students; training students and staff members to use AT devices; and improving data collection and reporting abilities, Hunter said. These recommendations come directly from ED officials.

Suggested uses for Title I funds include purchasing online courseware to supplement traditional school offerings; investing in staff development; and implementing longitudinal data systems to better track and improve student achievement.

The second pool of stimulus money for education consists of \$53 billion in state stabilization funds. Of this pool, \$39.5 billion is intended to offset cuts to K-12 and higher-education budgets, \$5 billion is for a competitive grant program for states to improve education, and nearly \$9 billion is for states to spend anywhere in their budgets--including, but not limited to, education.

Sixty-one percent of this money will be allocated to states on the basis of their relative populations between the ages of 5 and 24; the other 39 percent will be allocated based on their relative share of the total population.

Unlike the formula-based stimulus grants, these emergency stabilization dollars can be divvied up at the discretion of each state's governor, Hunter said. States must submit an initial (brief) application for funding, followed by a more detailed plan for how they will use the money.

States will get two-thirds of their eligible funds within two weeks of applying, Hunter said, and the remaining third is contingent on federal approval of their spending plans. (In dire cases, he said, states might receive up to 90 percent of their share of stabilization funds right away, to prevent widespread layoffs. He cited Oregon as one state that might qualify for this exception.)

States must use these stabilization funds to restore education funding that otherwise would have been cut in their FY09, FY10, or FY11 state budgets. And while the main goal of these funds is to "create and save jobs," Hunter said, local school officials can use these funds for a wide range of uses--such as paying salaries, avoiding layoffs, and repairing or modernizing existing school buildings.

The state stabilization fund includes \$5 billion to spur innovation in school reform (see "[Duncan wants stimulus to transform schools](#)"). Of this \$5 billion, \$4.35 billion will be awarded to states this fall through a grant competition that ED is calling "Race to the Top," and the remaining \$650 million will go toward "investing in what works," Hunter said.

The final pool of stimulus money for education consists of nearly \$25 billion for Qualified Zone Academy Bonds (QZABs) and \$22 billion for tax credit bonds for new school construction.

QZABs are basically no-interest loans from the federal government, Hunter said; to be eligible, at least 35 percent of a district's students must qualify for the free or reduced-price lunch program. Forty percent of these bond allocations is reserved for the 100 largest, poorest districts in the nation, he said, and up to 25 additional districts can be designated at the secretary's discretion.

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