

April 7, 2009

VDOE announces ARRA Web Site and shares helpful guidance information

The Virginia Department of Education has created a [Web site](#) to provide updated guidance and information about ARRA funds for public education. The site includes an overview on ARRA funding for public education and pages that present information and guidance specific to Title I, Part A; Part B of IDEA; State Fiscal Stabilization Funds; and Competitive Grants. There also are pages displaying the latest information available from USED on Local Education Agency (LEA) allocations and ARRA Information Alerts from the state superintendent.

On April 1, VACo posted on its ARRA Web site, [in the Education section](#), the U.S. Department of Education's recent guidance.

Included in Virginia Department of Education's (VDOE) announcement about its Web site is the following summary information regarding the federal guidance:

Allocation of Title I, Part A, Funds

In addition to the ARRA guidance provided by the U.S. Department of Education (USED) earlier this week, it also announced:

- o Final Title I, Part A, allocations under the ARRA and
- o Preliminary regular Title I, Part A, allocations for FFY09.

[The attached spreadsheet from USED](#) outlines the allocations noted above. (The final ARRA Title I LEA allocations will be posted to the VDOE ARRA Web site as an update to the initial LEA allocations released by USED). USED has indicated that it will send State Education Agencies (SEA) hard copies of the grant awards for 50 percent of the ARRA Title I, Part A, funds next week, and announce final allocations for the regular FF09 Title I, Part A, later this spring.

VDOE is currently waiting for additional required information from USED in order to calculate the ARRA Title I, Part A, allocations to school divisions, including that associated with the Title I Bypass for certain school divisions and the SEA administrative set-aside that is permitted. We will release the LEA allocations as soon as we receive all of the required information to complete the calculations.

IDEA

The IDEA guidance that USED released on April 1, 2009, contained updated information that is inconsistent with previous guidance. Your attention is called to page 10, item B-4 of the IDEA guidance document distributed on April 1 via e-mail. Contrary to the previous guidance document issued by the USED, this new guidance document prohibits any LEA that is required to set aside 15 percent of its IDEA Part B budget for early intervening services, because of significant disproportionality, from taking advantage of local maintenance of effort reduction (MOE) flexibility otherwise available under IDEA section 613(a)(2)(C). Therefore, if your LEA has been identified as having significant

disproportionality you may not use 50 percent of the increase as local monies. However, other MOE provisions as described on page 19, item D-12, remain available regardless of your status with regard to significant disproportionality.

State Fiscal Stabilization Funds Guidance

Virginia Department of Education staff members have reviewed the State Fiscal Stabilization Fund (SFSF) Program guidance document provided on April 1, 2009, and would like to call several items to your attention.

Reporting Requirements – Section VII of the attached SFSF guidance

While guidance on the detailed reporting requirements of the ARRA has not yet been released to states, the ARRA requires states to report on the uses of the State Fiscal Stabilization Fund (SFSF), including “a description of each modernization, renovation and repair project funded, which shall include the amounts awarded and project costs.” As a result, if a division will be using the SFSF for school modernization, renovation, or repair, it should keep careful records of the SFSF allocated to the project and the final project costs since such data likely will need to be reported to the state to meet this particular reporting requirement.

Use of State Fiscal Stabilization Funds Under Impact Aid – Excerpts from the attached SFSF guidance

III-D-6. How much flexibility do LEAs have in determining the activities to support with Education Stabilization funds?

LEAs (including charter school LEAs) have considerable flexibility in determining how best to use Education Stabilization funds. As stated previously, an LEA may use these funds for, among other things, activities that are authorized under the ESEA. Because the ESEA includes the broad Impact Aid authority (*see* Title VIII of the ESEA), an LEA may use Education Stabilization funds for activities that would be allowable under Impact Aid. This flexibility applies to all LEAs that receive Education Stabilization funds, and is not limited to those LEAs that also receive Impact Aid funds.

Most funds that the Department awards under Impact Aid are considered to be general aid to LEAs. Thus, under the Impact Aid authority, an LEA may use Education Stabilization funds for educational purposes consistent with State and local requirements, subject to ARRA and other applicable Federal requirements, including the limited prohibitions referenced in Question III-D-2.

Because an LEA may consider Education Stabilization funds to be available for any activity authorized under Impact Aid, the funds may be used to support both current expenditures and other expenses such as capital expenditures. Among other things, the Education Stabilization funds may be used for activities such as: paying the salaries of administrators, teachers, and support staff; purchasing textbooks, computers, and other equipment; supporting programs designed to address the educational needs of children at risk of academic failure, limited English proficient students, children with disabilities, and gifted students; and meeting the general expenses of the LEA. It is important to note,

however, that all funds appropriated under the ARRA (including Education Stabilization funds that an LEA uses for activities authorized under Title VIII of the ESEA) will be subject to stringent reporting requirements, which is in contrast to the minimal reporting requirements in place for funds appropriated under Title VIII of the ESEA (Impact Aid).

III-D-11. May an LEA use Education Stabilization funds for construction activities that are not considered to be modernization, renovation, or repair?

Yes. Construction of new school buildings is an authorized activity under the Impact Aid construction program in section 8007 of the ESEA. Thus, subject to the ARRA statutory requirements and prohibitions governing the uses of Education Stabilization funds, an LEA (including a charter school LEA) may use the funds to support the construction of new school buildings, including construction activities that are consistent with a recognized green-building rating system.

An LEA may not use Education Stabilization funds for construction of (or modernization, renovation, or repair of) stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public, or stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities. If an LEA uses Education Stabilization funds for construction, it must comply with specific requirements relating to the use of American iron, steel, and manufactured goods used in the project. (*See* Section 1605 of the ARRA.)

Use of SFSF to Restore Local Funds or Pay Down Past Debt – Excerpts from the attached SFSF guidance

III-D-12. May an LEA use Education Stabilization funds to supplement or restore its local “rainy day” fund rather than use the funds for specific purposes?

No. An LEA’s transfer of Education Stabilization funds to its local “rainy day” fund would not constitute an “obligation” of the funds. The LEA must actually obligate the funds for specific allowable activities during the period of fund availability. (*See* Question III-D-16.)

III-D-16. How long does an LEA have to obligate its Education Stabilization funds?

An LEA may use Education Stabilization funds to support authorized activities in school years 2008-2009, 2009-2010, and 2010-2011. The funds may also support educational activities that the LEA provides between school years. Education Stabilization funds remain available for local obligation through September 30, 2011. This obligation deadline applies to all of the Education Stabilization funds that an LEA receives, regardless of when the Governor awards those funds to the LEA. A chart indicating when an obligation occurs for various types of activities is provided in the Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. 76.707.

III-D-13. May an LEA use Education Stabilization funds to pay down past debt?

Although paying down an LEA’s past debt may be an allowable use of these funds under Title VIII of the ESEA (Impact Aid) to the extent consistent with State and local

requirements, the Department strongly encourages LEAs to consider how its Education Stabilization funds could be better used to restore cuts in essential educational services, stimulate the local economy, and promote needed educational reforms.

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