



2009 American Recovery and Reinvestment Plan – House Released Bill

Yesterday, the Chairman of the U.S. House of Representatives Appropriations Committee released that Chamber's version of the American Recovery and Reinvestment Plan, the economic stimulus bill called for by President-elect Obama. Totalling over \$825 billion, including \$141 billion on education spending (K-12 and Higher Education combined), this massive spending bill will soon be sent to conference committee with its soon-to-be-introduced Senate companion bill, with the intention of sending it to the President for his signature by February 16th (although this timeline looks increasingly unlikely).

Of significant note to the charter community, \$13 billion was included for Part A of Title 1, \$13 billion for the Individuals with Disabilities Education Act, and \$14 billion for school modernization, renovations, and repairs (Appendix A has a complete breakdown of other education programs receiving funding). The Alliance has been actively involved in the negotiations and crafting of this bill's language and has been able to secure significant changes to the language ensuring that all charters have access to the bill's funds.

The House bill's funding flow is based on your state's Title I participation rate. Money goes from the U.S. Department of Education to the state. Currently, "state" is not stipulated as a State Education Agency (SEA), meaning that Governors will likely decide which entities administer this funding in your state. This approach opens the door for non-district authorizers to advocate for administering the funding for their schools. Additionally, several states have school construction offices outside their SEA, such as in their Department of Treasury, that could be more productive administrators of this funding.

Regardless of who administers the program, within 30 days of receiving the funding, money is transferred from the state to the Local Education Agencies. Any and all charters that are their own LEAs that participate in Title I will have direct access to this money. Charters that are part of an LEA will also have powerful language which requires LEAs to use an equitable portion of the money on behalf of their charters. Additionally, the bill includes significantly improved reporting requirements on the types of schools served, including public charter schools, meaning that districts will have to validate whether they are prohibiting charters from accessing funding and those reports will be filed with the U.S. Congress. Combined, these two changes should secure access to the funding for all charters.

Finally, the bill sets aside \$25 million for the Credit Enhancement for Charter School Facilities program. When combined with the FY09 appropriations to the program of \$25 million, upwards of \$50 million could be allocated to the Credit Enhancement program this fiscal year if passed at this level. This could lead to an additional \$400 million to \$500 million for charter facilities based on the program's historical leveraging ratio. The Alliance is currently working with Senate offices on their bill and will keep you updated on our progress. If you need additional information, please don't hesitate to contact Jennifer Shea, Federal Policy Coordinator at Jennifer@publiccharters.org.

Brooks Garber
Federal Policy Director

Appendix A

Education for the 21st Century: To enable more children to learn in 21st century classrooms, labs, and libraries to help our kids compete with any worker in the world, this bill provides:

- \$41 billion to local school districts through Title I (\$13 billion), IDEA (\$13 billion), a new School Modernization and Repair Program (\$14 billion), and the Education Technology program (\$1 billion).
- \$79 billion in state fiscal relief to prevent cutbacks to key services, including \$39 billion to local school districts and public colleges and universities distributed through existing state and federal formulas, \$15 billion to states as bonus grants as a reward for meeting key performance measures, and \$25 billion to states for other high priority needs such as public safety and other critical services, which may include education.
- \$15.6 billion to increase the PELL grant by \$500.

Subtitle C—Education

DEPARTMENT OF EDUCATION

EDUCATION FOR THE DISADVANTAGED

Title I Grants

Recovery funding: \$13.000 billion

Title I Grants to local educational agencies (LEAs) provide supplemental education funding, especially in high-poverty areas, for programs that provide extra academic support to help raise the achievement of students at risk of educational failure or to help all students in high-poverty schools meet challenging State academic standards. The Title I School Improvement Grants program is a State formula grant program, that makes awards to States to provide assistance for local school improvement activities for Title I schools that do not make adequate yearly progress (AYP) for at least 2 consecutive years. Providing additional funding will assist the more than 50,000 Title I schools, which serve more than 20 million students.

IMPACT AID

Impact Aid Construction

Recovery funding: \$100 million

These funds shall be used to support school construction in local educational agencies (LEAs) that educate federally-connected students or have federally-owned land. Because school construction is primarily financed from local funds, and because federally-affected LEAs cannot tax certain lands, LEAs with large percentages of federally-connected students need supplemental funds for construction. The grants, which are awarded by formula and competition, enable eligible districts to undertake emergency renovations and modernization projects, which may include replacement of heating, ventilation, and air conditioning systems; repair of electrical systems; or replacement of faulty windows and roofs. These funds will assist an estimated 960 Impact Aid schools.

SCHOOL IMPROVEMENT PROGRAMS

Education Technology

Recovery funding: \$1.000 billion

The Enhancing Education through Technology program supports State, district, and school efforts to integrate technology into curricula in order to improve teaching and learning. Funding shall be used for technology hardware, software applications, professional development and related instructional technology staff and services. These funds should be used to improve student academic achievement and ensure that students are college and workforce ready by ensuring that every student has 21st century skills and is technology literate. In addition, the funds should be used to increase ongoing and meaningful professional development around technology that leads to changes in teaching and curriculum and improves student achievement.

Education for Homeless Children and Youth

Recovery funding: \$66 million

The Education for Homeless Children and Youth program provides formula grants to States to assist schools and districts with providing services for homeless children and youth, including meals, transportation and other needed support services. Fiscal constraints at the State and local levels have made it difficult for many school districts to provide services for homeless children. Further, the rising cost of food and transportation, which districts must provide to homeless students, and an influx of homeless students as a result of the home foreclosure crisis will serve to significantly stretch the already scarce resources available for these students. Estimates from the National Association for the Education of Homeless Children and Youth indicate that providing an additional \$66 million over two years will allow an additional 205,000 homeless students to receive services.

INNOVATION AND IMPROVEMENT

Credit Enhancement for Charter Schools Facilities

Recovery funding: \$25 million

The Credit Enhancement for Charter School Facilities program provides assistance to help charter schools meet their facility needs. Funds are provided on a competitive basis to public and nonprofit entities and consortia to leverage other funds and help charter schools obtain school facilities through such means as purchase, lease, and donation. Grantees may also leverage grant funds to help charter schools construct and renovate school facilities. The economic recovery funds for the Credit Enhancement program, when combined with FY 2009 funding already available, will leverage an estimated \$414 million, for a total of \$460 million. These funds will assist an estimated 276 schools with infrastructure projects, including the modernization, renovation, and repair of these facilities.

Teacher Incentive Fund
Recovery funding: \$200 million

The Teacher Incentive Fund (TIF) program provides competitive grants to encourage school districts and States to develop and implement innovative ways to provide financial incentives for teachers and principals who raise student achievement and close the achievement gap in some of the highest-need schools. The increased funding for TIF would enable States and school districts to develop and implement systems to attract and retain highly qualified teachers and principals, and to align their pay with student performance. These funds will also help participating States and school districts with budget shortfalls by providing significant assistance for teacher compensation, recruitment, and retention.

SPECIAL EDUCATION

IDEA, Part B State Grants
Recovery funding: \$13.000 billion

The IDEA Part B, Grants to States program provides formula grants to assist the States and D.C., Puerto Rico and the Outlying Areas in meeting the excess costs of providing special education and related services to children with disabilities. Additional funding will assist States and school districts with paying for the rising cost of special education for the estimated 6.8 million students with disabilities. Although the number of students enrolled in special education programs has remained relatively steady over the past 5 years, the severity of students' disabilities has intensified, particularly the number of students with autism, which requires a greater investment of resources to provide an adequate education. As States begin tackling a projected 10 percent budget shortfall for FY 2009, with larger increases expected in FY 2010, education is an area that needs support. Although State funding for special education is mandatory, providing this funding will assist States and school districts and prevent them from reducing funding for general educational operations and allow all education programs to receive adequate funding during difficult economic times. The additional funding provided in the economic recovery bill, combined with the FY 2009 appropriation, will increase the Federal share for special education to an all-time high of 27 percent.

IDEA Infants and Families
Recovery funding: \$600 million

The Grants for Infants and Families program provides formula grants to the States, including D.C., Puerto Rico and the Outlying Areas to assist them in implementing coordinated systems of comprehensive programs and making early intervention services available to children with disabilities aged birth through 2 and their families.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation State Grants
Recovery funding: \$500 million

The Vocational Rehabilitation (VR) State Grants program supports VR services through formula

grants to States. VR agencies provide a wide range of services designed to help persons with disabilities prepare for and engage in gainful employment to the extent of their capabilities. Nationally, there are about 1 million individuals with disabilities in various phases of the vocational rehabilitation process within the VR system. State VR agencies are facing numerous challenges. If a State VR agency cannot serve all eligible persons, it must first serve those individuals with the most significant disabilities under an “order of selection.” In FY 2007, about half of the 56 general and combined State VR agencies were on an order of selection. The increased funding will assist with the order of selection issue, and allow more individuals to receive services.

Centers for Independent Living

Recovery funding: \$200 million

The Independent Living Program, administered by the Department of Education, consists of three separate programs: Independent Living State Grants, Centers for Independent Living, and the Services for Older Individuals Who Are Blind program. Each of the programs is a State population-based formula grant program. Independent Living State Grants provide funding to improve independent living services, and to support the operation of State Independent Living centers. Funding for the Independent Living Centers program is similar to the State Grants program, except these funds support nonresidential, community-based centers that are designed and operated within individual communities by individuals with disabilities. The Independent Living Services for Older Individuals Who Are Blind program supports services to assist individuals age 55 or older whose visual impairment makes employment difficult to obtain, but for whom independent living goals are feasible. Increased funding for these programs will enable States and local communities to continue providing needed support services for individuals with disabilities.

STUDENT FINANCIAL ASSISTANCE

Pell Grants

Recovery funding: \$15.636 billion

Pell Grants provide need-based scholarships for undergraduate students. Under the economic recovery bill, the (discretionary) maximum Pell Grant would increase by \$500, from \$4,360 to \$4,860 for the 2009-2010 academic year. With the additional \$490 in mandatory funding, the total Pell maximum would be \$5,350. The cost of a \$500 Pell award increase, plus retiring prior year shortfalls, is now \$15.6 billion over two years, based on interim updated CBO economic assumptions and applicant growth, as more students are applying and qualifying for more assistance. These additional funds will provide immediate financial relief to an additional 800,000 students and their families who are struggling to pay for the cost of a higher education during the economic downturn.

College Work-Study

Recovery funding: \$490 million

College Work-Study provides funds to colleges, which must be matched with 25 percent non-Federal funds, to support low and moderate-income undergraduate and graduate students who

work while attending school. In addition, each participating institution must use at least 7 percent of its Work-Study allocation for payments to students employed in community service activities, such as community-accessible childcare and assistance for disabled students. Providing increased funding would increase the number of students working in local communities. The additional funds in the economic recovery bill, when combined with institutional matching funds, will result in a total of \$613 million that will be available to support an estimated 200,000 new students in fiscal years 2009 and 2010.

STUDENT AID ADMINISTRATION

Student Aid Administration Recovery funding: \$50 million

The Department of Education administers an estimated \$82 billion in Federal student aid programs and policies, including Pell Grants, guaranteed and direct loans, and two new lender subsidy programs authorized by the College Cost Reduction Act, which help more than 11 million students and families pay for college. The Department of Education is under severe pressure to administer these surging student aid programs as more people seek a higher education due to the poor economy. Additional funds will support the staff and resources necessary to respond to the changing and complex student loan environment involving banks, colleges, and lenders, and to service the surge in the Direct Loan program administered by the Department.

HIGHER EDUCATION

Teacher Quality Enhancement, State Grants Recovery funding: \$100 million

The Teacher Quality State Grants program is a competitive program which provides grants to States to improve the quality of the teaching workforce. Among other things, States may use grant funds to reform teacher licensing and certification requirements; provide alternative methods of teacher preparation; and provide alternative routes to State certification. The funds provided in the economic recovery bill will assist States in modernizing the teaching workforce, address teacher shortages, and provide new routes to teaching for jobless individuals seeking to enter the teaching field.

INSTITUTE OF EDUCATION SCIENCES

Statewide Data Systems Recovery funding: \$250 million

The Department of Education makes competitive grants to States to enable them to design and develop statewide longitudinal data systems that use individual student data for reporting and improving student achievement, and to facilitate research to improve student achievement and close achievement gaps. Providing additional funding for Statewide Data Systems would enable States to increase the capacity of their data systems, provide teachers the information they need to tailor instruction to help each student improve, and give administrators the resources and

information to effectively and efficiently manage their data systems. A recent report released by a group commissioned by Secretary Spellings, entitled, *Harnessing Innovation to Support Student Success: Using Technology to Personalize Education*, maintains the Federal government should invest further in Statewide Data Systems, including longitudinal data systems at the school and district levels. The panel maintains that numerous States are experimenting with online assessments that provide instant results for students and teachers, and that new computer-assisted assessment tools provide teachers with specific information on the areas where students need help, and allow teachers to change their practices in response. Only 14 States currently collect student-level college readiness scores, and only 18 States have the ability to match teacher data to student performance.

GENERAL PROVISIONS, THIS SUBTITLE

SEC.9301. SCHOOL MODERNIZATION, RENOVATION, AND REPAIR

K-12 Repair and Modernization

Recovery funding: \$14.000 billion

The economic recovery bill includes \$14 billion for school modernization, renovation, and repair, to be allocated to States based on their FY 2008 allocation under Title I of the Elementary and Secondary Act, after a one percent reservation of funds for outlying areas and Bureau of Indian Affairs schools. State educational agencies would distribute these funds, less an administrative set-aside, to school districts for school facility projects. Charter schools are eligible to receive this assistance. Allowable projects may include health and safety repairs, facility modifications to provide access for disabled students, and educational technology infrastructure upgrades, as well as projects to improve energy efficiency.

The nation's school infrastructure is aging; the average public school facility is more than 40 years old. Approximately one-third of public school buildings need extensive repair or total replacement and two-thirds have environmental problems such as the presence of asbestos or lead-based paint that are unhealthy for children. The Government Accountability Office has estimated that the nation's schools would need \$12 billion just to take care of deferred maintenance, building safety, and accessibility. Further, many school districts are unable to wire aging school buildings for modern technology.

SEC.9302. HIGHER EDUCATION MODERNIZATION, RENOVATION, AND REPAIR

Higher Education Repair and Modernization

Recovery funding: \$6.000 billion

The economic recovery bill includes \$6 billion for institutions of higher education (IHEs) for modernization, renovation, and repair projects. The funds would be distributed to States by formula in proportion to the State's share of full-time equivalent undergraduate students. Funding will be allocated by States to institutions based on the demonstrated need of each institution for facility modernization, renovation, and repair. Priority consideration shall be given to institutions that serve high numbers of minority students, institutions impacted by a major disaster; and institutions proposing to improve energy efficiency. The higher education modernization grants would be used for the same purposes as the K-12 modernization grants, including health and safety repairs, facility modifications to provide access for disabled students,

and educational technology infrastructure upgrades, as well as energy efficiency projects.

SEC. 9303. MANDATORY PELL GRANTS

Pell Grants (mandatory)

Recovery funding: \$1.474 billion

In addition to the shortfall for the discretionary part of the Pell Grant program, there is a mandatory Pell Grant shortfall for the 2009-2010 award year. This funding, initially included as part of the College Cost Reduction Act, enables a student's Pell Grant award to be increased by \$490 each year. Providing this additional funding in the economic recovery bill will provide additional financial relief to the estimated 7 million Pell Grant recipients and their families who are struggling to pay for the cost of a higher education during the economic downturn.

SEC. 9304. INCREASE STUDENT LOAN LIMITS

Student Loan Limit Increase

Recovery funding: N/A (\$30 million estimated savings)

There are statutory limits of how much funding students and their families can borrow through the Federal Stafford loan program to pay for college. However, significant job loss, high tuition prices, and poor credit are making it difficult for students and their families to borrow adequate amounts through the Federal guaranteed loan program, and in some instances forcing them to take out unsubsidized, private loans. The economic recovery bill includes a provision to increase unsubsidized loan limits (loans for which the Federal government does not pay loan interest while a student is enrolled in school) by \$2,000 for undergraduate students. This action will help students and their families avoid having to seek private loans which have significantly lessfavorable terms for students.

SEC. 9305. STUDENT LENDER SPECIAL ALLOWANCE

Student Loan Lender Special Allowance Payments (SAP)

Recovery funding: \$10 million

Under the Federal Family Education Loan (FFEL) program, the Federal government ensures lender participation through a subsidy known as the Special Allowance Payment (SAP), which includes a lender's cost of borrowing money. The SAP is currently indexed to the Commercial Paper rate (CP), which Congress intended to serve as a measure of the rate at which lenders were able to borrow money. The recent economic crisis has left the CP rate artificially low, due to limited trading. Language is included in the economic recovery bill to index the SAP to the London Interbank Offered Rate (LIBOR), which is closer to the historical CP rates prior to the economic crisis, for one quarter. Substituting LIBOR for CP will help lenders avoid significant loss resulting from differences between the two rates, provide stability in the student loan system, and help to ensure access to financial aid for college students in 2009.