

# American Recovery and Reinvestment Act: Provisions Pertaining to Early Childhood Education



As of March 10, 2009. Subject to changes.

Funding Stream and Reference in the Bill	Amount	Distribution of Funds: Timeline and key players	Uses of Funds	Maintenance of Effort or Supplement not Supplant	Useful outreach
<b>Department of Health and Human Services</b>					
<b>CCDBG</b>  Pp 65, 453 <sup>1</sup>	\$2 billion	Federal to State  States must obligate funds within two years and spend within three years.	Regular formula  \$255.2 million for quality in addition to the usual 4% quality mandate, of that, \$93.6 million must be for infants and toddlers. <sup>2</sup>  Quality set-aside may be used for teacher education and development.	“shall be used to supplement, not supplant State general revenue funds for child care assistance for low-income families” (Conference Report pg 65)	State Advisory Council on Early Childhood Education and Care (hereafter: State Advisory Council); Child care provider coalitions and associations
<b>Head Start</b>  Pp 65, 454	\$1 billion	Federal to local  Available immediately  “The conferees expect HHS to manage these resources in order to sustain fiscal year 2009 awards through fiscal year 2010” (Conference	Regular formula for expansion of Head Start and Early Head Start  Mandatory set-asides for the territories, training and technical assistance, monitoring, quality, expansion of Seasonal and Migrant Head Start and American Indians and Alaskan Natives, cost of living adjustments.  One-time start-up grants for State Advisory Councils.	Local match required by formula, but uncertain now: “The conferees remind the Secretary of the authority to temporarily increase or waive the limit on the Federal share of a Head Start or Early Head Start grant under the circumstances described in the authorizing statute and support the	State Advisory Council; State Head Start Association

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<b>Early Head Start</b> Pp 65, 454	\$1.1 billion	Report pg 454)	Awarded on a competitive basis to allow for the expansion of Early Head Start.  Up to 10% for training and technical assistance  Up to 3% for monitoring purposes.	Secretary's exercise of that authority where appropriate" (p454)  70% State match on State Advisory Councils <sup>3</sup> .  See statement of the conferees above.	State Advisory Council; State Head Start Association
<b>Community Services Block Grant</b> Pp 65, 454	\$1 billion	Federal to local eligible entities  Available immediately  See statement of the conferees above.	"The agreement includes bill language requiring States to reserve 1 percent of their allocation for benefit coordination services and to distribute the remaining funds directly to local eligible entities"  Agreement permits "States to increase the income eligibility ceiling from 125% to 200% of the Federal poverty level" (Conference Report pg 454)		Human services providers and associations, state human services agency, Head Start providers

## Department of Education<sup>4</sup>

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<b>Title I Grants to LEAs</b> Pp 68, 456	\$10 billion	Federal to SEA's to LEA's 2009-2010 2010-2011 school years <sup>5</sup>	\$5 billion targeted grants (Sec 1125)  \$5 billion education finance incentive grants (Sec 1125A)  <i>"The conferees expect States to use some of the funding provided for early childhood programs and activities, as proposed by the Senate."</i> (Conference Report pg 456)  Note: an estimated 260,000-300,000 preschoolers are served by Title I  Title I preschool services may be provided by the LEA or subcontracted to Head Start, Even Start or other providers serving Title I-qualified children.	MOE as usual  "With prior approval from the secretary of education, a state or LEA may count expenditures of State Fiscal Stabilization Fund used for elementary or secondary education as non-federal funds for purposes of determining whether the state or LEA has met the Title I Part A MoE requirement. This may reduce the incidence of LEAs failing to maintain fiscal effort" (Dept. of Ed, non-regulatory guidance) <sup>6</sup>	School district Title I administrators, early education specialists, super-intendents, state early education specialists  Head Start and other early care providers who may be subcontracted by LEAs to deliver Title I early ed services.
<b>Title I School Improvement Grants</b> Pp 68, 456	\$3 billion	Federal to SEA's to LEA's 2009-2010 2010-2011 school years	School improvement grants to help failing schools meet AYP  Conferees encourage States to use 40% for middle and high schools	MOE as usual	N/A

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Impact Aid Pp 68, 457	\$100 million		<p>40% regular distribution formula</p> <p>60% competitive grants for emergency repairs and modernization of elementary and secondary schools</p> <p><i>“allow funding to be better targeted to districts that have ‘shovel ready’ facility projects, including those that address health and safety and ADA compliance issues, among other things”</i> (Conference Report pg 457)</p>	N/A	School districts, where applicable
School Improvement Programs Pp 68, 457		<p>Federal to SEA’s SEA’s to LEA’s mix of formula and competitive grants</p> <p>For McKinney-Vento, SEA’s must subgrant 75% of the funds to LEA’s no later than 120 days after receiving the funds from the Federal Government</p>	<p>\$650 million <b>Education Technology Program</b> – could be used for local activities on professional development, use of new technology to improve curriculum and achievement or increase parental involvement. Also technology for data collection and analysis.</p> <p>\$70 million <b>McKinney-Vento homeless assistance grants:</b> SEA’s could use portion of the funds to ensure that homeless children, including those of preschool age, have access to education. LEA’s provided services, including to preschool-aged homeless children.</p>	N/A	School districts

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<b>Teachers Incentive Fund Program</b> Pp 68-69, 458	\$200 million	Fed to LEA's, states or partnerships via competitive grant  Institute of Education Sciences	To implement and rigorously study performance-based compensation systems for teachers and principals in high-need schools.	N/A	
<b>IDEA part B</b> Pp 69, 458	\$11.3 billion	Fed to SEA's to LEA's by formula  2009-2010 2010-2111 school years	<i>"Formula grants to increase the federal share of special education costs and prevent states to cut other areas of education"</i> (Appropriations Cmt. Summary)	MOE as usual	School district
<b>IDEA part B Section 619</b> Pp 69, 458	\$400 million	Fed to SEA, SEAs reserve roughly 25%, distribute the rest to LEA's by formula  2009-2010 2010-2111 school years	Section 619 of IDEA: children with disabilities aged 3 to 5.  SEA – can use reserved funds for coordinating statewide service systems of early intervention and early learning.  LEA's – funds usually used for teacher salaries, etc.	MOE as usual	School district
<b>IDEA part C</b> Pp 69, 458	\$500 million	2009-2010 2010-2111 school years	Intervention services for infants and toddlers with disabilities (as determined by the state)	MOE as usual	School district

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<b>Teacher Quality Partnerships</b> (HEA Title II, Part A) <sup>7</sup>  Pp 70, 459	\$100 million	Federal to local partnerships by application  For Fall 2009	Partnerships between high-need local school districts and higher ed institutions aimed at improving teacher qualifications.  Early educators qualify under HEA 2008.	As outlined in Higher Education Opportunity Act of 2008.	Institutions of higher education that offer early educator programs
<b>Statewide Data Systems</b> (Institute for Educational Sciences)  Pp 70, 459	\$ 250 million	Fed to SEA's on competitive basis  Fall 2009	Could be used to develop longitudinal data systems or link existing ones into a pre-k to college and career system.		State education agency, researchers, data-oriented organizations.

State Fiscal Stabilization Fund: \$53.6 billion

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<b>Title XIV of ARRA, administered by Department of Education<sup>8</sup></b>					
<b>Education Fund</b> Title XIV Sec 14002 (a)  Pp 166-171, 505-508	\$39.5 billion	Immediately  Fed to Governor by application <sup>9</sup>  Governor to Local Education Agencies  Note: Fiscal year refers to state fiscal year, not federal.	<p>“Sec. 14002 State Use of Funds (a) Education Fund – (1) In general – For each fiscal year, the Governor shall use 81.8 percent of the State’s allocation under section 14001(d) for the support of elementary, secondary, and postsecondary education and, as applicable, early childhood education programs and services. (Conference Report, pg 167)”</p> <p>“Funding received must first be used to restore State aid to school districts under the State’s primary elementary and secondary education funding formulae to the greater of the fiscal year 2008 or 2009 level in each of fiscal years 2009, 2010, 2011, and, where applicable, to allow existing formula increases for elementary and secondary education for fiscal years 2010 and 2011 to be implemented” (pg 506)</p>	Maintain State support for elementary, secondary and public education at least at the levels in fiscal year 2006.  Under certain conditions, Dept of Ed may grant MoE waiver.  “Sec. 14002 [...] (B) Shortfall – If the governor determines that the amount of funds available under paragraph (1) is insufficient to support, in each of fiscal years 2009, 2010, and 2011, public elementary, secondary and higher education at the levels described in clauses (i) and (ii) of subparagraph (A), the	Governor’s Office, State education agency, K-12 groups and associations

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<b>Flexible Block Grant</b> “other government services including public safety and education” Title XIV Sec 14002 (b)  Pp 168, 506	\$8.8 billion	Immediately  Fed to Governor for Governor’s discretion	<p>“(b) Other Government Services (1) IN GENERAL.-The Governor shall use 18.2 percent of the State’s allocation under section 14001 for public safety and other government services, which may include assistance for elementary and secondary education and public institutions of higher education and for modernization, renovation, or repair of public school facilities and institutions of higher education facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.”<sup>10</sup>                      (Conference Report pg 168)</p>	<p>Governor shall allocate those funds between those clauses in proportion to the relative shortfall in State support for the education sectors described in those clauses.</p>	

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<p><b>“Race to the Top Fund”</b> (State Incentive Grants)  Title XIV Sec 14006  Pp 171, 507</p>	<p>\$5 billion</p>	<p>FY 2010 Secretary of Education to Governor by application  Incentive Grant Application: <i>“that describes the State’s progress in each of the assurances and progress toward meeting the State’s student academic achievement standards.”</i> (Conference Report pg 507)  Governor awards subgrants to LEA’s – at least 50% of the funding received.</p>	<p><i>“Each State receiving a grant under this section shall use at least 50% of the grant to provide local educational agencies in the State with subgrants based on relative shares of funding under part A of title I of the ESEA for the most recent year.”</i> (Conference Report pg 168)</p>	<p>Governor must apply, describing State’s progress in meeting assurances in the SFSF.<sup>11</sup></p>	<p>Gov’s office.  Engage other education advocacy organizations. Work in tandem with K-12 interest groups and school districts.</p>
<p><b>“Invest in What Works and Innovation Fund”</b></p>	<p>Up to \$650 million of the \$5 billion</p>	<p>Secretary of Education to “eligible entities”: - LEA - Partnership</p>	<p>For academic achievement awards that recognize success in closing the achievement gap, to expand the efforts and serve as “best practice” models.  <b>“(3) BASIS FOR AWARDS.—The Secretary shall make awards</b></p>	<p>Pre-k programs with research demonstrating a positive impact on</p>	<p>Pre-k programs with research demonstrating a positive impact on</p>

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<p>(Innovation Fund) Title XIV Sec 14007</p> <p>Pp 171, 508</p>	<p>above</p>	<p>between non-profit and LEA(s) or Consortium of schools</p> <p>Additional guidance on the Innovation Fund forthcoming by the end of March.<sup>12</sup></p>	<p><i>to eligible entities that have made significant gains in closing the achievement gap as described in subsection (b)(1)—</i>  <i>(A) to allow such eligible entities to expand their work and serve as models for best practices;</i>  <i>(B) to allow such eligible entities to work in partnership with the private sector and the philanthropic community; and</i>  <i>(C) to identify and document best practices that can be shared, and taken to scale based on demonstrated success.</i>                      (Conference Report, pg 172)</p> <p>Eligibility – ability to demonstrate with meaningful data that entity has:</p> <ul style="list-style-type: none"> <li>(1) significantly closed the achievement gaps</li> <li>(2) demonstrated success in significantly increasing student academic achievement for all groups of students for 2 or more consecutive years</li> <li>(3) significant improvement in other areas, such as graduation rates or increased recruitment and placement of high-quality teachers and school leaders</li> <li>(4) established partnerships with the private sector, which may include philanthropic organizations, and that the private sector will provide matching funds in order to help bring results to scale” (paraphrased from Conference Report, pg 172)</li> </ul>		<p>achievement could consider applying</p>
<h2>Other Relevant Programs</h2>					

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<b>Child Development Centers (DoD)</b> Pp 78-79, 464	\$240 million		For new child development centers.  Army, Navy/Marines, Air Force - \$80 million each.		Military installations
<b>Community Development Block Grant</b> (part of HUD Community Development Fund)  Pp 104, 472	\$1 billion	Federal (HUD) to state and local grantees  Bids within 120 days	May be used for early childhood center construction and rehabilitation. <sup>13</sup>		Community development entities, public-private redevelopment enterprises, local advisory bodies
<b>School Construction Bonds</b>  1) School Modernization Tax Credit	\$22 billion	Tax credit to school districts  Secretaries of Education, Treasury, Commerce and the Interior	This new tax credit bond program will provide \$11 billion per year for 2009 and 2010 to finance the construction or repair of public schools. The program will only fund new construction projects that will be completed in three years.  School districts (bond holders) will receive a tax credit to cover the bond's annual interest. This means school districts will only have to make payments on the principal. According to the National Clearinghouse for Educational Facilities, large projects financed under this program could see savings of up to 50 percent.  60 percent of the funding is to be allocated to the states based on the respective amount of local education grants each state receives		Superintendent School board representatives  Community coalitions advocating new school construction

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<p>-----</p> <p>2) Qualified Zone Academy Bonds (QZABs)</p>	<p>-----</p> <p>\$2.8 Billion</p>	<p>-----</p> <p>States to local governments</p>	<p>under the Elementary and Secondary Education Act. 40 percent will be allocated to the largest educational agencies in the nation, as determined by the Secretaries of the Treasury, Commerce and Education. The Secretary of the Interior may also allocate \$400 million to Indian schools.</p> <p>-----</p> <p>The stimulus bill authorizes \$1.4 billion per year for 2009 and 2010 in QZABs. This program has existed since 1997 and is designed to give interest-free bonds to qualified schools for various non-new construction projects. Schools qualify if they lie in "empowerment" or "enterprise" zones or in school districts where more than 35 percent of students qualify for free or reduced lunch.</p> <p>Bonds may finance repairs to existing facilities, investment in new equipment, the development of certain course materials, or teacher training.</p> <p>The money will be authorized to the states, based on their portion of population below the poverty line. States will then allocate the bonds to local governments. School districts are also required to raise no less than 10 percent matching funds from the private sector for each project.</p>	<p>-----</p>	<p>-----</p> <p>Empowerment or enterprise zone board, school board members, community coalitions</p>

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## ENDNOTES

- <sup>1</sup> All page numbers refer to the final “Conference Report to Accompany HR 1” – generally, the first page number references legislative text and the second page number notes the Conference Committee’s joint statement on the provision. The full document is available online: [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_reports&docid=f:hr016.111.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr016.111.pdf)
- <sup>2</sup> See CLASP for state-by-state funding estimates [http://clasp.org/publications/aara\\_childcarestateallocc.pdf](http://clasp.org/publications/aara_childcarestateallocc.pdf).
- <sup>3</sup> Awaiting guidance from the Office of Head Start. Allocation for SAC’s likely to be \$500,000 per state.
- <sup>4</sup> See Department of Education state-by-state funding estimates at <http://www.ed.gov/about/overview/budget/news.html#FY2009action>
- <sup>5</sup> Please see Pre-K Now document “Timeline for Distribution of Education Funds under ARRA” for complete timeline.
- <sup>6</sup> For additional information, including supplement not supplant provisions see Title I Fiscal Issues Non-Regulatory Guidance, available at: <http://www.ed.gov/programs/titleiparta/fiscalguid.pdf>.
- <sup>7</sup> Waiting until the application is available from USED for the Title II Part A Teacher Quality Partnership grants. FY 09 funds and ARRA funds will follow different reporting requirements for use of funds because of the ARRA transparency rules. No guidance coming out in advance of the application. (Courtesy: NAEYC)
- <sup>8</sup> “The conference agreement requires the Government Accountability Office to conduct evaluations of the programs under this title, which shall include, but not be limited to, the impact of the funding provided on the progress made toward closing achievement gaps. The House and Senate bills included identical provisions.” (Conference Report, pg 508)
- <sup>9</sup> The conference agreement requires that Governors shall submit applications in order to receive Stabilization funds, which shall include certain assurances, provide baseline data regarding each of the areas described in such assurances, and describe how States

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intend to use their allocations. Such assurances shall include that the State will: in each of fiscal years 2009, 2010, and 2011, maintain State support for elementary, secondary, and public postsecondary education at least at the levels in fiscal year 2006, and address 4 key areas: (1) achieve equity in teacher distribution, (2) establish a longitudinal data system that includes the elements described in the America COMPETES Act, (3) enhance the quality of academic assessments relating to English language learners and students with disabilities, and improve State academic content standards and student academic achievement standards, and (4) ensure compliance with corrective actions required for low-performing schools. (Courtesy: NCSL)

<sup>10</sup> For school modernization information from Department of Education, see: <http://www.ed.gov/policy/gen/leg/recovery/modernization/index.html>

<sup>11</sup> [I]n order to receive an Incentive Grant, a Governor shall: submit an application that describes the State's progress in each of the assurances and how the State would use grant funding to continue making progress toward meeting the State's student academic achievement standards. The House and Senate bills contained similar provisions, except both bills included slightly difference requirements pertaining to assurances. (Courtesy NCSL)

<sup>12</sup> According to Sec. Duncan's statement at meeting with Chief State School Officers (Courtesy: Fritzwire)

<sup>13</sup> Underlying statute: Housing and Community Development Act of 1974, Title I, Section 5305: Allowable Uses, subsection (8). <http://www.hud.gov/offices/cpd/communitydevelopment/rulesandregs/laws/sec5305.cfm> For more information from HUD, please see: <http://www.hud.gov/recovery/cdblock.cfm>