

**American Recovery and Reinvestment Act (ARRA)
State Fiscal Stabilization Fund (SFSF) – Vermont Education Impact Overview**

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The Stabilization program is a new, one-time appropriation of approximately \$48.6 billion (Vermont share - \$94.4 million) that the U.S. Department of Education will award to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services, in exchange for a State's commitment to advance essential education reform in four areas:

1. making improvements in teacher effectiveness and the equitable distribution of qualified teachers for all students, particularly students who are in most 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.

Two components –

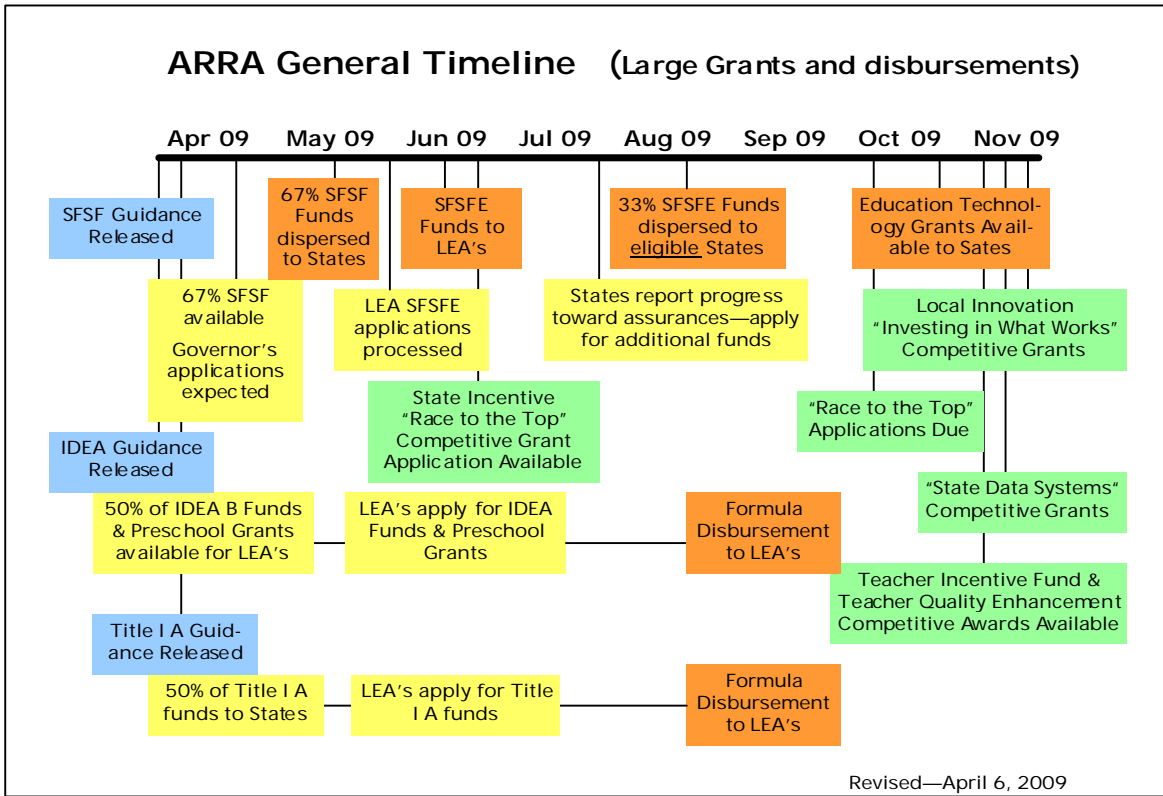
1. Education Stabilization Fund – 81.8% - Vermont share - \$77.2m
2. Government Services Fund – 18.2% - Vermont share - \$17.2m

Distribution –

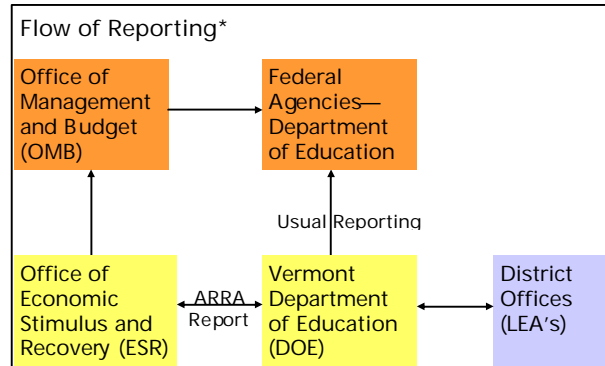
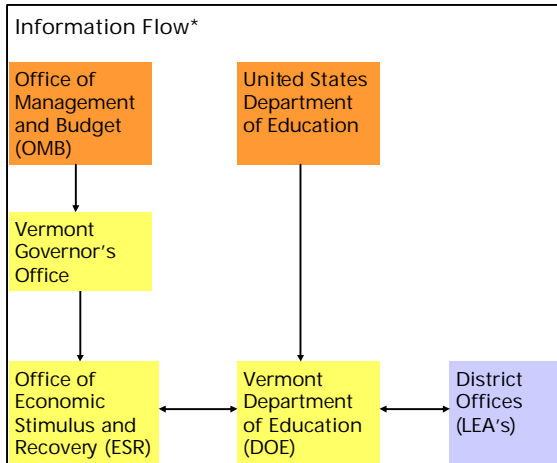
- 67% in April 2009 (Vermont Education share – \$51.7m) ~ two weeks following receipt of Governor's electronic application – released based on existing data surrounding the 4 assurances (above).
- 33% July – October 2009 (Vermont Education share - \$25.5m) – pending confirmation of distribution of first round of funding to be in accordance with the intent of the guidance for Maintenance of Effort and progress made on advancing four assurances. Additional reporting requirements are forthcoming.
- Funds are supplied to the State via the Governor's office and appropriated based on the State funding formula.
- Funds must flow through to Local Education Agencies (LEAs) and Institutions of Higher Education (IHEs) and be accounted for separately and transparently. LEAs may spend funds in accordance with ARRA guidelines.
- LEAs must submit application to receive funds and must agree to advance four assurances as well as any other assurances the Governor stipulates in the context of "reasonable requirement related to the Governor's responsibility to administrate the program (e.g. how the funds are being spent)."

Additional Funds Made Available to LEAs through ARRA

1. Individuals with Disabilities Education Act (IDEA) Part B – Ages 3-21 – Formula distribution - \$25.6m additional
2. IDEA Part B – Ages 3-5 - \$900k additional
3. Title I Part A – Title I Schools Formula distribution – \$25.7m additional
4. School Improvement – Schools not meeting AYP – additional amount TBD
5. Education and Technology State Grants – \$3.2m additional



Chain of Authority*



* As Identified by the State of Vermont Office of Economic Stimulus and Recovery.

These first six months are incredibly work intensive and time sensitive. Priorities are as follows:

1. Establishing systems for communication, education, reporting and accountability that can be maintained over the 27-month period funds are available.
2. Pursuing partnerships and collaboration in writing competitive grants as applicable.
3. Planning strategically and organizing ourselves to maximize capacity to guide and support schools in the pursuit of transformational school-improvement efforts as increased funding for such work is made available.

Challenges:

The influx of great sums of money in a very short timeframe is not without significant challenges and short-comings. Not the least of which is the potential to become more focused on spending the money than spending it wisely as intended. ARRA is a short-term infusion of funds designed to (a) catalyze schools in creating improved educational and professional futures for our children and (b) prevent a reduction in existing funding to support education across the country.

A highlight of these challenges follows:

1. Large amounts of funds to be used in a 27-month timeframe.
2. Guidance still under development even as funds are being released.
3. State accountability and district authority.
4. Lack of funding for DOE to support increased work load connected to:
 - a. Providing education and technical assistance to LEAs on use of ARRA funds
 - b. Collaboration with State Office of Economic Stimulus and Recovery
 - c. Distribution of funds
 - d. Increased federal reporting tied to increased funding in IDEA and Title I
 - e. State and federal accountability and reporting specifically tied to separate reporting and accountability requirements for all ARRA funds
 - f. Support of and guidance to increased numbers of schools seeking to use funds to implement sustainable transformation and school improvement models
 - g. Applications for competitive grants.
5. Current local budget shortfalls and timeline of available funding compared with timeline of school budgeting process and potential lay-off's and reductions.
6. Providing clear enough guidance to schools so they will use the funds when appropriate.
7. Current State budget shortfalls and expectation of reduction of force in State agencies.
8. Increased data reporting responsibilities for second disbursement of SFSF funds.
9. Using funds to meet current expenditures without implementing sustainable transformation measures designed to increase student success and reduce future operational costs could result in funding shortfall in 2012 and beyond.

Potential:

In addition to the challenges outlined above, this funding provides an unprecedented opportunity for schools in Vermont to pursue many of the transformational efforts we have been discussing to date. Examples of such efforts already underway in at the Department and in schools include:

1. Secondary Transformation
2. Formative Assessment Project
3. Vermont Integrated Instruction Model
4. Responsiveness to Intervention
5. Positive Behavioral Supports
6. Differentiated Instruction with Understanding by Design
7. Drop-out Prevention
8. Continuous progress monitoring using student data systems
9. Longitudinal data collections to identify student success over time
10. Focused Monitoring
11. Intensive coaching in math and reading
12. Teacher leader mentoring and development