



SENIOR DEPUTY COMMISSIONER OF EDUCATION – P-16
Office of Elementary, Middle, Secondary and Continuing Education
Office of Higher Education

April 22, 2009

To: District Superintendents of Schools
Superintendents of Public Schools
Presidents of School Boards

From: Johanna Duncan-Poitier

Subject: Additional Guidance on Permissible Expenditures of the American Recovery and Reinvestment Act of 2009 (ARRA) State Fiscal Stabilization Fund for Education

This information is provided in response to the latest series of questions from the field regarding the appropriate use of ARRA fiscal stabilization funds, including those to restore state support for education. As you finalize your school budgets we emphasize once again that *these funds must be used only for allowable activities specified by the federal government*. ARRA funds have been provided to preserve and create jobs and promote economic recovery as well as to stabilize state and local government budgets to minimize and avoid reductions in essential services and counterproductive tax increases. Secretary Duncan has made it clear to all states that school districts must:

- (1) spend the funds quickly to save and create jobs;
- (2) use the funds to improve student achievement through school improvement and reform;
- (3) ensure transparency, reporting, and accountability; and
- (4) invest the funds thoughtfully to minimize the “funding cliff.”

Details on Allowable Expenditures

To help you to spend these additional resources wisely and avoid disallowance, we have **attached a list of allowable activities** in these priority areas, based on federal guidance that has been shared to date:

- Retaining existing teachers, administrators and support staff;
- Improving teacher effectiveness and the equitable distribution of highly qualified teachers;
- Establishing data systems and using data for improvement;
- Turning around the lowest-performing schools; and
- Improving results for all students.

According to federal guidance, stabilization funds including those to restore state support for education cannot be used for:

- Reducing taxes (**districts must actually obligate the funds for specific allowable activities during the period of fund availability**);
- Increasing fund balances or creating “rainy day” funds;
- Payment of maintenance costs;

- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- Purchase or upgrade of vehicles;
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities;
- School modernization, renovation, or repair that is inconsistent with state law.

Applications for program-specific ARRA resources, which will be forthcoming, will include additional guidance regarding the specific requirements for each of the designated programs (e.g., Title I, IDEA).

Unprecedented Accountability

Secretary Duncan has also been very clear that the use of ARRA funds will be subject to unprecedented levels of scrutiny and transparency. All districts will be required to report quarterly on the activities for which stabilization funds are used. This information will be posted by the federal government on a national website.

We hope this information is helpful to you as you prepare for upcoming school budget votes. I look forward to continuing to work with you to help you maximize ARRA resources to further the important work you are doing to provide a quality education to your students, preserve jobs, and help stimulate the economy.

cc: Richard Mills
New York State Board of Regents

Allowable and Prohibited Uses of State Fiscal Stabilization Funds for Education*

Stabilization funds may be used for any activity that is authorized under the following Federal education acts:

- The Elementary and Secondary Education Act of 1965 (ESEA)
- The Individuals with Disabilities Education Act (IDEA)
- The Adult Education and Family Literacy Act (AEFLA)
- The Carl D. Perkins Career and Technical Education Act of 2006 (Perkins Act)

In addition, ARRA also provides that, to the extent consistent with State law, an LEA may use Education Stabilization funds for modernization, renovation, or repair of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

Allowable uses include but are not limited to:

1. Retain existing teachers, administrators and support staff.
2. Improving teacher effectiveness and the equitable distribution of highly qualified teachers by:
 - Establishing fair and reliable evaluation systems that provide feedback, help educators improve, and ensure that poor performers are dismissed;
 - Establishing a system for identifying and training highly effective teachers to serve as instructional leaders and modifying the school schedule to allow for collaboration among the instructional staff;
 - Implementing innovative strategies for identification of, advancement of, and compensation for highly effective teachers and leaders;
 - Training and dual certification for ELL or special education teachers; and
 - Identify and use effective teachers as coaches and mentors.
3. Establishing data systems and using data for improvement, including:
 - Strengthening the use of longitudinal data systems to drive effective decision-making and continuous improvement efforts; and
 - Developing and providing intensive professional development on use of data to improve instruction.
 - Implement an online Individualized Education Program (IEP) aligned to standards.
4. Turning around the lowest-performing schools by:
 - Attracting teams of committed educators who are compensated for taking on new assignments and roles in a school in corrective action or restructuring;
 - Extending time for learning, including activities provided before school, after school, during the summer, or over an extended school year;

* based upon federal guidance that has been shared to date

- Providing intensive, year-long teacher training in reading that aggressively works on improving students' oral language skills and vocabulary or, in some other way, builds teachers' capacity to address academic achievement problems;
- Strengthening and expanding early childhood education;
- Providing intensive training to all teachers in new curriculum and the use of assessment data to improve instruction;
- Close and re-open failing schools with new staff, new instructional programs, and additional learning time; and
- Summer programs so that students succeed in algebra and college preparatory classes.

5. Improving results for all students:

- Strengthen early learning;
- Technology to improve teaching and learning;
- Create accelerated tracks to college such as early college programs; and
- Invest in school modernization that advances energy efficiency, community and early childhood education.

Stabilization funds cannot be used for:

- Reducing taxes;
- Increasing fund balances or creating rainy day funds;
- Payment of maintenance costs;
- Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- Purchase or upgrade of vehicles;
- Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities; or
- School modernization, renovation, or repair that is inconsistent with State law.