ARRA: The American Recovery and Reinvestment Act of 2009 (ARRA), commonly known as the Economic Stimulus Package, will make funds available to states and school districts to save teaching jobs, help states address budget deficits, improve student achievement and promote education reform.

The US Department of Education (ED) identifies priorities for ARRA:
1. adopting rigorous college- and career-ready standards and high-quality assessments;
2. establishing data systems and using data for improvement;
3. increasing teacher effectiveness and equitable distribution of effective teachers; and
4. turning around the lowest-performing schools.

School Improvement: School improvement funds come from two sources under ESEA, or the No Child Left Behind Act. Under Title I, Part A, section 1003(a), states must set aside 4% of their regular Title I, Part A grants to assist schools that are identified as needing improvement because they did not meet state targets for adequate yearly progress. The second source is the School Improvement Grants subprogram, section 1003(g), also under Title I, Part A. Each SEA must submit an application to ED to receive School Improvement Grants, 1003(g) and must award subgrants to LEAs with schools in improvement, corrective action, or restructuring based on the accountability requirements of No Child Left Behind. Both of these existing ESEA school improvement programs benefit from supplemental funding through the ARRA.

School Improvement, Title I, Part A 4% reservation, 1003(a): In FY 2009, ARRA provides $10 billion in additional Title I, Part A funds to LEAs to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. The regular FY 2009 allocation for Title I, Part A is $14.5 billion. For both regular and ARRA Title I, Part A appropriations, each state must set aside 4% of the funds for school improvement. From the 4% reservation, a state must allocate at least 95% directly to LEAs for school improvement, corrective action, or restructuring activities.

School Improvement Grants, 1003(g): The regular FY 2009 allocation for School Improvement Grants, 1003(g) is $545.6 million. ARRA provides an additional $3 billion in formula grants to state educational agencies (SEAs) to fund local school improvement activities that are required of the Title I schools that do not make adequate yearly progress for at least two consecutive years, including high schools and their feeder schools (middle schools). Only local education agencies (LEAs) with one or more Title I schools identified for improvement, corrective action, or restructuring are eligible to receive School Improvement Grants, 1003(g). A state must allocate at least 95% directly to LEAs for school improvement, corrective action, or restructuring activities.

School Improvement Grants, 1003 (g) are intended to help Title I schools, identified for improvement, corrective action, or restructure, implement reform strategies, specifically the four intervention models.

For all School Improvement funds, states must give priority to the districts that demonstrate the greatest need for the funds and the strongest commitment to using the funds to help “persistently lowest-achieving schools” meet AYP goals.

The final requirements for School Improvement Grants are posted on www.ed.gov/programs/sif/applicant.html
Identifying the Lowest Achieving Title I Schools: For School Improvement Grants, 1003(g), ED requires each SEA to identify three tiers of schools:

- **Tier I:** Lowest achieving 5% of Title I schools (elementary and secondary) in improvement, corrective action, or restructuring in the state, or the lowest-achieving five such schools, whichever number is greater. Tier I also includes Title I high schools in improvement, corrective action, or restructuring that have had a graduation rate of less than 60% over a number of years.
- **Tier II:** Equally low-achieving secondary schools (both middle and high schools) in the state that are eligible for, but do not receive, Title I funds, and any high school that is eligible for, but does not receive, Title I funds that has had a graduation rate of less than 60% over a number of years.
- **Tier III** (if sufficient funding): The remaining Title I schools in improvement, corrective action, or restructuring that are not identified as Tier I schools.

Unless all Tier I schools in a state are served, the state is required to carry over 25 percent of its FY 2009 School Improvement Grant funds to its FY 2010 School Improvement Grant competition (depending on availability of appropriations).

Supporting Only the Most Rigorous Interventions: ED is requiring that an LEA use 1003(g) School Improvement Grants to implement one of four specific interventions to improve the management and effectiveness of low-achieving schools. Any LEA with nine or more Tier I and Tier II would not be able to implement the same intervention in more than 50 percent of those schools.

- **Turnaround model,** which could include, among other actions: replacing the principal and rehiring no more than 50 percent of the school’s staff; adopting a new governance structure; implementing a new or revised instructional program; and using data to inform and differentiate instruction. This model may include any of the activities required or permissible under the Transformation model.
- **Restart model,** in which an LEA would close and reopen, or convert a school to function under the management of a charter school operator, a charter management organization (CMO), or an educational management organization (EMO) that has been selected through a rigorous review process.
- **School closure,** in which an LEA would close the school and enroll the students who attended the school in other, high-achieving schools in the LEA within reasonable proximity to the closed school.
- **Transformational model,** which would implement four strategies critical to transforming the lowest-achieving schools:
  - Replacing the principal who led the school prior to the commencement of the transformation model and increase teacher and school leader effectiveness.
  - Implementing comprehensive instructional programs and using data to inform and differentiate instruction.
  - Extend learning time and create community-oriented schools.
  - Provide operating flexibility and intensive support.

Note: Permissible activities in the Transformational model, include:

- additional support and professional development for staff working with students with disabilities and English language learners;
- the use of technology based supports;
- expansion of Pre-K and Kindergarten programs.
School Improvement Funds | ARRA

**School Improvement Funds Allocations, Awards, and Timelines:** Over the next two years, states will receive $10 billion in stimulus funds for Title I, Part A, of which 4% must be reserved for school improvement activities. Also, ARRA will contribute an additional $3 billion to the regular School Improvement Grants program in FY 2009. In order to receive School Improvement funds under section 1003(g), states must submit an amended state plan that outlines the criteria the state will use to identify which eligible LEAs will receive funds, how much those LEAs will receive, and how the state will ensure that the funds awarded will be used to address one or more short-term outcome measures and improve student achievement.

All School Improvement (1003(a) and 1003(g)) funds are available for obligation through September 30, 2011. In its application for these funds, an SEA may request a waiver of the period of availability to permit the SEA and its LEAs to obligated the funds through September 30, 2013. If the SEA does not request a waiver to extend the availability of School Improvement Grant funds to permit three-year awards, the LEA may request a waiver.

<table>
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<tr>
<th>Funding Source</th>
<th>Funding Estimates</th>
<th>Timeline for School Improvement Funds Release to States</th>
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</table>
| Regular FY 2009 Appropriation – Title I, Part A 4% reservation, 1003(a) | $579.7 million (4% of $14.5 billion) | • July 1, 2009 ($146 million, 4% of $3.65 billion)  
• On or around September 1, 2009 $433.6 million, 4% of $10.8 billion) |
| ARRA – Title I, Part A 4% reservation, 1003(a) | $400 million (4% of $10 billion) | • On April 1, 2009 ($200 million)  
• On or around September 1, 2009 ($200 million) |
| Regular FY 2009 School Improvement Grants, 1003(g) | $545.6 million | • State applications are due to the Department of Education by February 8, 2010. States are expected to receive the funds in Spring 2010. 5% of these funds were made available to states in December 2009 for planning purposes. |
| ARRA- School Improvement Grants, 1003(g) | $3 billion | • State applications are due to the Department of Education by February 8, 2010. States are expected to receive the funds in Spring 2010. 5% of these funds were made available to states in December 2009 for planning purposes. |

Title I, Part A allocations and School Improvement Grant 1003(g) allocations can be found at: [http://www.ed.gov/about/overview/budget/statetables/index.html](http://www.ed.gov/about/overview/budget/statetables/index.html) or on the individual state’s Department of Education Recovery website.

**Note:** On December 3, 2009, ED released 5% of each state’s allocation of FY 2009 SIG funds.
School Improvement Funds Flexibility Options:

School Improvement funds 1003(a) and 1003(g) may be combined to provide support to LEAs with schools in improvement. There are some differences in the regulations that govern allocations from each section:

<table>
<thead>
<tr>
<th>Title I, Part A 4% reservation, 1003(a)</th>
<th>School Improvement Grants, 1003(g)</th>
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<tr>
<td>Includes authority to allocate unused funds to LEAs under the regular Title I, Part A formula or under the SEA’s reallocation procedures. For example, if an SEA has sufficient 1003(g) funds for school improvement activities based on the state’s priorities, it may have “unused” 1003(a) funds that can then be reallocated to LEAs in improvement with no schools in improvement, or with schools on the SEA’s “watch list.”</td>
<td>No such authority. Therefore, an SEA may want to allocate section 1003(g) funds before allocating the reservation under 1003(a).</td>
</tr>
<tr>
<td>Must be used only in or on behalf of Title I schools that are in improvement, corrective action, or restructuring (unless re-allocated under section 1003(d) Unused Funds, see example above)</td>
<td>May be used for two additional years in or on behalf of schools that have exited improvement that previously received 1003(g) funds.</td>
</tr>
<tr>
<td>No restriction on amount to LEAs per school</td>
<td>An SEA must award a School Improvement Grant to an LEA in an amount that is of sufficient size and scope to support the activities required under section 1116 of the ESEA and these requirements. The LEA’s total grant may not be less than $50,000 or more than $500,000 per year for each Tier I and Tier III school that the LEA commits to serve.</td>
</tr>
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Note: ED is encouraging states to apply for waivers to:

1) Extend the period of availability of School Improvement Grant funds until September 30, 2013.
2) “Start over” in the school improvement timeline for Tier I schools implementing a turnaround or restart model.
3) Implement a schoolwide program in a Tier I school that does not meet the 40 percent poverty eligibility threshold.
4) Serve a Tier II school.

A state may request these waivers through its grant application, or if a state does not apply for one or more of these waivers, an LEA may apply separately.
Special Considerations:

**Supplement, not supplant:** The principle of “supplement, not supplant” applies to Title I, Part A 1003(a) and School Improvement 1003(g) funds. A school district may only use federal funds to supplement funds that would be made available from non-federal sources for the education of participating students. School districts may not use federal program funds, e.g., Title I, Part A to supplant—take the place of—funds from non-federal sources. Under certain circumstances, including cases of severe budget shortfalls, an LEA may be able to establish compliance with the “supplement, not supplant” requirement.

**Maintenance of Effort.** Maintenance of Effort (MOE) is a federal requirement that school districts maintain a certain level of state/local fiscal effort to be eligible for full participation in Title I, Part A, section 1003(a) and 1003(g) (and other federal grant programs). School districts not meeting MOE requirements could face the loss of a portion of their federal funds. The standard for determining whether the MOE requirement has been met for Title I, Part A is that the school district expends, in total or per capita, 90% of the second preceding year’s level.

With prior approval from the Secretary, a state or LEA may treat SFSF funds 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 maintenance of effort requirement. Specific guidance on this requirement is available at: [http://www.ed.gov/policy/gen/leg/recovery/programs.html](http://www.ed.gov/policy/gen/leg/recovery/programs.html) under Title I Guidance, dated April, 2009.


The ARRA Title I, Part A guidance and fact sheet, which include information on section 1003(a) school improvement activities and the School Improvement Grants 1003(g) fact sheet, are available at this site.

Measures have been revised to assess the effectiveness of the ARRA School Improvement Grants 1003(g). The measures can be found at: [http://www.recovery.gov/?q=content/program-plan&program_id=7558](http://www.recovery.gov/?q=content/program-plan&program_id=7558)

Note: The Secretary of Education is inviting requests for Title I, Part A waivers that include permitting an LEA with one or more schools in improvement to offer SES, in addition to public school choice, to eligible students in Title I schools in the first year of school improvement. Guidance on these waivers can be viewed at [http://www.ed.gov/programs/titleiparta/title-i-waiver.doc](http://www.ed.gov/programs/titleiparta/title-i-waiver.doc)