



Federal Stimulus Plan Implications for Wayne County School Districts

LEGISLATIVE ACTION UPDATE

The Michigan legislature passed the first of the legislation allocating American Recovery and Reinvestment Act (ARRA) funds. House Bill 4582 allocates \$873 million for transportation stimulus spending to repair Michigan roads and bridges and Governor Granholm is expected to sign the legislation later this week. ARRA funds that will benefit school districts through Title I and IDEA funding are also moving quickly. Descriptions of allocations for these programs in House Bill 4258 are described in this bulletin.

MICHIGAN DEPARTMENT OF EDUCATION ACTION UPDATE

State Superintendent Mike Flanagan issued a memorandum on March 27 with a strident reminder to school districts that federal stimulus “funds should be used to reform and they will come under unprecedented transparency, scrutiny, and accountability. Michigan is one of sixteen states already selected to be under the intense watch of the federal Government Accountability Office (GAO).” Because of the unique accountability requirements of the ARRA Title I and IDEA funds, districts are advised to set up unique account numbers to identify transactions related to these funds.

HOUSE BILL 4258 OVERVIEW EDUCATION FUNDS TO BE ALLOCATED

(This bill was passed by the House on March 26, 2009 and was sent to the Senate)

Special Education—IDEA

HB 4258 allocates \$400.6 million, as formula grants, to Michigan school districts for Special Education Funding, \$13.4 million for handicapped preschool incentive grants, (Part B) and \$12.4 million for infants and toddlers, (Part C). According to the Michigan Department of Education (MDE) Special Education Department, allocations to each ISD are expected to be made by April 26 for IDEA Special Education funds. However, MDE has received no federal guidance on the portions allocated for preschool grants and infants and toddlers. Therefore, those funds are not expected to be available before July 1, 2009. IDEA funds in Michigan are allocated to each county through the ISD. In Wayne County, Wayne RESA allocates the funds received from MDE on a

strict head count based on the previous December 1st federal special education count data. Wayne County can expect an approximate 95%-100% increase in IDEA funding for 2009-2010.

Title I

\$390.1 million in federal Title I, Part A funds have been allocated by HB 4258 for districts based on existing criteria and formulas for Title I funds. The state is expected to receive its allocation of Title I funds by March 30 and will have district allocations in place within 30 days. Title I funds are to be spent in accordance with local district School Improvement plans. Wayne County district Title I Coordinators meet monthly at Wayne RESA and this past month reviewed the new procedures for the Consolidated Application which will be the driving document for the use of all Title I regular and school improvement funds. For more information on these meetings, contact Kevin Magin, magink@resa.net.

An additional \$112.7 million in ARRA funds is allocated under Title I for School Improvement. These funds will be made available by MDE through the High Priority Schools Initiative following existing formulas and channels. In Wayne County, these funds flow through Wayne RESA to provide support services to eligible buildings and will not be available until September 2009.

Homeless Children and Youth

The governor has recommended that the \$2.45 million in federal funds targeted to improve the academic achievement of homeless children be disbursed on a competitive basis. Eligibility for the competitive grants will be based on the February 11 enrollment count. Details are not expected on the grants until after July 1, 2009.

School Lunch Equipment Assistance

\$2.5 million in new federal revenue will be awarded based upon competitive grants. Wayne RESA Food Services Consultant, Chuck Wolford, has scheduled a meeting on April 7 in room 250B from 9:00 AM – 12:00 PM for Wayne County school district food service directors to assist with identifying equipment needs and writing for the competitive grants.

Education Technology Grants

Of exceptional note, unlike the other direct ARRA grants, the state grant for education technology has been moved into the School Aid Bill, House Bill 4447. This section, 98a, appropriates \$24.5 million into a consortium project with Michigan Virtual University, (MVU), quite different from the governor's recommendation that 50% of these dollars be directly allocated to districts and the other 50% distributed via competitive grants. Remember, this is only the House proposed allocation with the Senate and the Governor still to reconcile.

STATE FISCAL STABILIZATION FUND (SFSF)

Michigan will receive \$1.6 billion, of which \$1.3 billion must be used for K-12, community colleges and universities, assuring that funding levels do not fall below those of the 2007-2008 school year. For local districts, this means there will be no reduction of \$59 per pupil in the foundation allowance, as proposed by the Governor in her 2009-2010 School Aid budget. It is unknown if additional dollars will be used to fund all the categorical grants that were reduced in her budget proposal as well. SFSF guidelines also permit local state governors to make available funds for qualified school construction zones, qualified zone academy bonds and construction and renovation; however, it is unlikely that funds will be available for this purpose after the School Aid Fund has been restored to 2007-08 levels. According to MDE, any funds remaining after the shoring up of the School Aid fund will be available on a competitive basis.

Contact Kevin Magin at magink@resa.net for questions regarding this bulletin.

There is much speculation and discussion about the impact the Federal Stimulus Plan will have on local school districts. Based on an analysis of information from the Michigan Department of Education (MDE), American Association of School Administrators (AASA), and the House and Senate Fiscal Agencies, this bulletin is intended to provide you and your communities with up-to-date information for your planning purposes. Wayne RESA will continue to monitor information as it becomes available and support Wayne County school districts in their understanding and application of the stimulus funds.

The Federal stimulus plan, officially called American Recovery and Reinvestment Act (ARRA), is a short term solution to Michigan's long-term economic stability. The Act contains separate targeted allocations aimed at different sectors of the economy. There are three that are most applicable to schools: State Fiscal Stabilization Fund (SFSF), Title I and IDEA. Further bulletins will be issued as details of the fund allocations are made known in the coming weeks. Funds will be available from each of the categories according to formulas and schedules determined by the Federal government. Districts will be expected to report how the use of the funds has created and or/saved jobs and positively impacted student achievement. It is expected that the first phase of funds will be available to the state by the end of March 2009 and may be expended in the current fiscal year in accordance with all requirements.

**All funds must be obligated by
September 30, 2011.**



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