

THIS IS A DECISION PAPER

TO: HARDIN COUNTY BOARD OF EDUCATION

FROM: NANNETTE JOHNSTON

DATE: AUGUST 20, 2009

**SUBJECT: APPROVAL OF APPLICATION FOR STATE FISCAL
STABILIZATION FUNDS (\$5,043,331)**

ISSUE

The Board needs to approve application for State Fiscal Stabilization Funds. The projected amount of Funds to be received is \$5,043,331.

FACTS

As a part of the American Recovery and Reinvestment Act (ARRA), the State Fiscal Stabilization Fund (SFSF) program is a new, one-time appropriation of approximately \$48.6 billion that the U.S. Department of Education (USDOE) has awarded to governors to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services. In exchange, a state must commit to advance essential education reform in four areas:

- (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in 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
- (4) providing targeted, intensive support and effective interventions for the lowest-performing schools

School districts will receive stabilization funds under the Education Stabilization Fund. The purpose of the Education Stabilization Fund is to restore state support for elementary and secondary education, public higher education, and, as applicable, early childhood education programs and services.

The SFSF program is designed to be a one-time appropriation, and in Kentucky, the monies will be used to maintain SEEK funding at its FY 2009 level. As part of the Governor's effort to protect P-12 education from harsh budget cuts, Gov. Beshear indicated that the base SEEK amount for FY 2010 would remain the same as that appropriated for FY 2009 (\$3,866 per pupil). In order to accomplish this, ***SFSF monies will be used to fill the gap between the amount of state funds appropriated for SEEK and the amount needed to guarantee the \$3,866 base.***

SFSF monies will be provided to districts through reimbursements, and the use of SFSF monies is subject to additional federal reporting requirements. Monthly SEEK payments will be based on the \$3,866 base amount, but districts should carefully plan how they will spend the SFSF portion of their SEEK allotments.

In order to receive the district's share of the Education Stabilization Fund, the ARRA requires each school district to submit an application for review and approval to the Kentucky Department of Education. The application is in the form of a set of assurances the school district agrees it will follow in order to receive the stabilization funds. The process for this special set of assurances is the same as it is for our general assurances that we sign each year.

(See Attached Application Form)

RECOMMENDATION

I RECOMMEND THE BOARD APPROVE THE ATTACHED APPLICATION FOR STATE FISCAL STABILIZATION FUNDS.

RECOMMENDED MOTION

I MOVE THAT THE BOARD APPROVE THE ATTACHED APPLICATION FOR STATE FISCAL STABILIZATION FUNDS.

Best Practices:
Recommended Uses of Education Stabilization Funds
Under the State Federal Stabilization Fund of ARRA

While most school districts will be using their stabilization funds to meet some of their General Fund obligations, the American Recovery and Reinvestment Act (ARRA) does stipulate that appropriate use of these funds will include ensuring that the four reform areas identified in the law are addressed:

- (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in 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
- (4) providing targeted, intensive support and effective interventions for the lowest-performing schools

It is important that your district keep this requirement in mind as you determine how to expend these stabilization funds.

Recommendations for Use of Funds

- 1) Use the funds for a specific group of employees or a specific program. Don't try to "spread" the funds across all General Fund Expenditures.
- 2) The best uses of these funds are for payroll costs, to support a particular program in your district that is currently funded by the General Fund and addresses one of the assurances, or to fund professional development (PD) that was being paid for out of the General Fund.
- 3) Do not use the stabilization funds to fund activities or people who are currently funded outside of the General Fund.

| Payroll | Program | Professional Development (PD) |
|---|--|--|
| <ul style="list-style-type: none"> • Identify staff paid from the General Fund whose job responsibilities address one or more of the four reform areas (interventionists, curriculum coaches, staff developers, etc.). • Determine how many of those individuals could be paid out of your allocation of Stabilization Funds. • Transfer those individuals in the MUNIS payroll system from the General Fund to the Special Revenue Fund (Fund 2) and the project code designated for the Stabilization Funds. • When requested, report to KDE on your use of the funds. | <ul style="list-style-type: none"> • Identify a program area paid out of the General Fund whose purpose addresses one or more of the four reform areas (teacher induction or incentive program, intervention program, etc.). • Determine what portion of that program could be paid from the Stabilization Funds. • Transfer the budgets and all revenue and expenditures in MUNIS for that program from the General Fund to the Special Revenue Fund (Fund 2) and the project code designated for the Stabilization Funds. • When requested, report to KDE on your use of the funds. | <ul style="list-style-type: none"> • Identify any PD activities that are being paid out the General Fund that is intended to improve teacher practice related to the four reform areas. (PD related to intervention strategies, using data to improve instruction, etc.). • Determine what portion of that PD could be paid from the Stabilization Funds. • Transfer the budget and all revenue and expenditures in MUNIS for that PD from the General Fund to the Special Revenue Fund (Fund 2) and the project code designated for the Stabilization Funds. • When requested, report to KDE on your use of the funds. |

Local Education Agency Application for State Fiscal Stabilization Funds

As superintendent of the Hardin County school district, I declare our school district is in agreement with all of the following and request approval to receive State Fiscal Stabilization Fund-Education State Grant funds:

- 1) The school district shall spend the funds allocated through the stabilization fund in a timely manner to save and create jobs.*
- 2) The school district shall use the funds to improve student achievement and help close achievement gaps.*
- 3) The school district shall adhere to any and all Subrecipient reporting requirements for the stabilization funds in accordance with Section 1512 of the American Recovery and Reinvestment Act (ARRA) and all associated rules and guidance from the federal Office of Management and Budget. It is understood that these reporting requirements may be in addition to and more rigorous than normal reporting requirements for federal funds. Specifically, the school district ensures that it will provide any necessary information to the Kentucky Department of Education related to the Department's Recipient reporting requirements under Section 1512 of the ARRA, and the state's obligation to report to the U.S. Department of Education its progress in the four education reform areas of the ARRA: (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in 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.*
- 4) The school district shall use fiscal control and fund accounting procedures (MUNIS) to ensure proper disbursement of and accounting for these funds, including separate accounting from regular SEEK funding. The State Fiscal Stabilization Fund-Education State Grant funds are federal funds, and the ARRA and other applicable federal requirements (such as the OMB cost principles) govern their uses.*
- 5) The school district shall spend the stabilization funds, in accordance with state and local requirements, for any activities authorized under the Elementary and Secondary Education Act (currently referred to as NCLB) the IDEA, the AEFLA, or the Perkins Act. The district also may use the stabilization funds for the modernization, renovation, and repair of public school facilities, and construction.*
- 6) The school district shall not use the stabilization funds for any of the following expenditures: 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; financial assistance for students to attend private elementary or secondary schools (unless the funds are used to provide special education and related services to students with disabilities as authorized by the IDEA); school modernization, renovation, or repair that is inconsistent with state law; or restoring or supplementing the contingency fund.*

These assurances were approved by the Hardin County Board of Education at a meeting on 8/20/09. The approval is contained in the board minutes that are available for review at the school district's central office. All pertinent information related to the use of SFSF resources and the ARRA assurances are available for review at the school district's central office and, where applicable, have been incorporated in the school district improvement plan.

Superintendent

Date