




**State Categorical Flexibility  
and Federal Funds Webcast**

*Copresented by*

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## More Federal Money? Less State Money! What a Year

- Today's workshop provides:
  - ▶ Information – about federal funds, state categoricals and flexibility
  - ▶ Best Practices – techniques that work
  - ▶ Tools – online, available to all participants to help make the most of new opportunities

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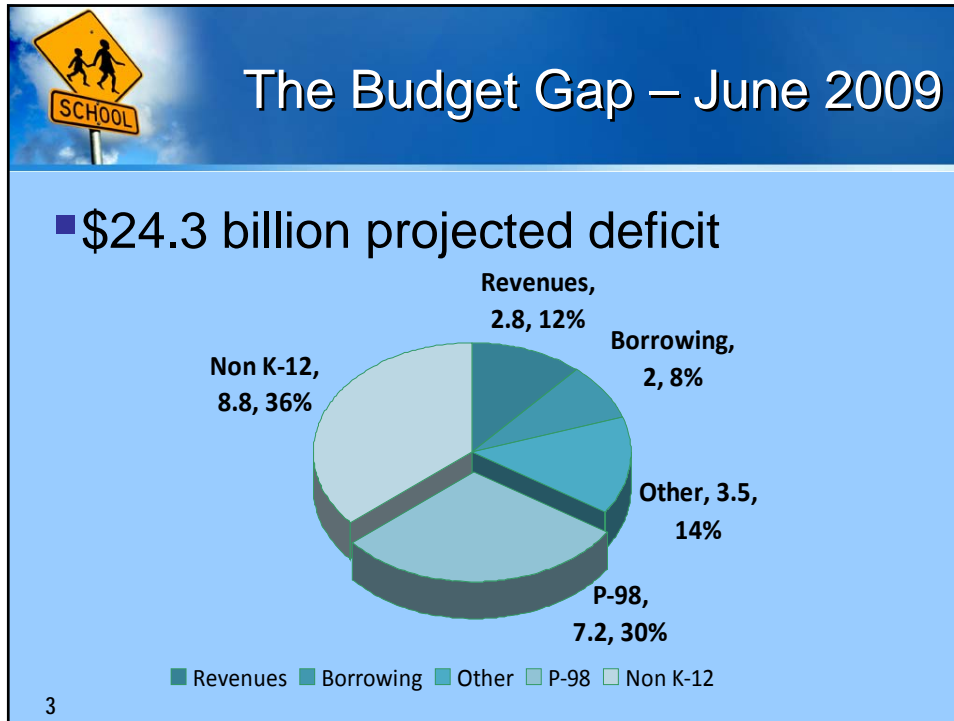


## State of the State – What's New

- Budget Agreement
- Categorical Flexibility
- Federal Funds
- Revenues



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**The Federal Stimulus Package for Education – Programs**

**Pre-K-Grade 12 Education Estimates**

Program	California Total (est.)	Received So Far
<b>Title I</b>	<b>\$1.1 billion</b>	<b>\$564 million</b>
School Improvement Grant	\$346 million	—
Title II, Part D, Education Technology	\$71 million	—
Individuals with Disabilities Education Act (IDEA)	\$1.3 billion	\$634 million
McKinney-Vento Homeless	\$14 million	\$14 million
Child Nutrition Program	\$13 million	\$13 million
Fiscal Stabilization <sup>1</sup>	\$4.9 billion	\$3.1 billion
Child Development Block Grant	\$220 million	\$220 million
<b>Total</b>	<b>\$8.0 billion</b>	<b>\$4.5 billion</b>

<sup>1</sup>Includes higher education  
Source: U.S. Department of Education (May 2009)


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## The Federal Stimulus Package for Education

- American Recovery and Reinvestment Act (ARRA) was established to:
  - ▶ Save jobs
  - ▶ Stimulate the economy
  - ▶ Improve academic outcomes and support school reform


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## Management of the Funds

- Separate resource codes have been established for tracking ARRA funds
- All funds must be legally obligated by September 30, 2011
  - ▶ Orders placed, contracts and sub-grants awarded, services received, and similar transactions during a given period, which will require payment during the same or future period


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## Management of the Funds

- Existing program and accounting rules apply:
  - ▶ Office of Management and Budget (OMB) A-87 and A-133
    - Supplement, Not Supplant
  - ▶ Maintenance of effort (MOE)
  - ▶ Title I set asides, allocation plans, carryover limits, site council involvement
  - ▶ Special education program compliance and maintenance-of-effort rules


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## Required Information

- How much funding was received?
- What projects or activities are being funded with ARRA dollars?
- What is the status of such projects or activities and what impact have they had on job creation and retention?


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## General Guidance – Accountability and Reporting

- Quarterly expenditure and activity reports will be required within ten days of the end of each quarter


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## General Guidance – Accountability and Reporting

- Reports need to include the following (Section 1512):
  - ▶ The total amounts of funds received
  - ▶ The amounts of grant funds expended on or obligated to projects or activities
  - ▶ The name, description, and evaluation of the project or activity's completion status
  - ▶ An estimate of the number of jobs that were saved or created with the ARRA funds


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## State Fiscal Stabilization Funding – Prohibited Uses

- SFSF may not be used for the following:
  - ▶ Payment of maintenance costs
  - ▶ Stadiums or athletic facilities
  - ▶ Purchase or upgrading of vehicles
  - ▶ Facility projects that are not for buildings used for the direct education of students
  - ▶ Financial assistance for students to attend private schools
  - ▶ School modernization, renovation, or repair that is inconsistent with state law
  - ▶ Restoring or supplementing a “rainy day” fund


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## Title I – Allowed Uses

- A general rule to follow – Title I funds may be used at only Title I schools, targeted to the needs of Title I eligible students for activities that are supplemental to the core program
  - ▶ This could include supplemental support such as pre-K, after school, summer school, and other support programs


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## Title I – Accountability Requirements

- In addition, these set asides apply, but CDE may apply for a waiver of these requirements:
  - ▶ 5% Highly Qualified Teachers (if 100% of teachers are not Highly Qualified)
  - ▶ 10% Professional Development (Program Improvement districts and/or sites)
  - ▶ Up to 20% Supplemental Education Services and Choice (Program Improvement schools)


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## IDEA – Maintenance of Effort

- There are three options to determine MOE:
  - ▶ Expenditure comparison
  - ▶ Expenditure comparison adjusted for “new” federal revenue
  - ▶ Expenditure comparison adjusted for allowed conditions


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## IDEA – Maintenance-of-Effort Explanation


- Allowed exemptions include:
  - A decrease in enrollment of children with disabilities
  - Voluntary departure of staff, including retirement, who are replaced by lower salaried staff
  - End of high-cost service because student has exited program
  - Termination of costly expenditure for long-term purchases

15 Citation: IDEA Regulations Part 300.204




## Maximizing Flexibility and Options

- We are no longer following the same rules – as a result, our game plan should change

	Must	Could	Should	Will
Before Flex (B.F.)	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">                     Meet Legal Requirements                      (e.g., K-3 CSR limits, hire Art Teachers, buy books)                 </div>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">                     Options – allowed, but not required                 </div>	<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">                     District site goals                 </div>	→ ?
After Flex (A.F.)	<div style="border: 1px solid black; padding: 5px; width: 80%; margin: 0 auto;">                     80% of program requirements no longer apply; as a result, the distinction between “Must” “Could” and “Should” actions fades away                 </div>			→  Priorities Determine Spending


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## Maximization Checklist

- Spend the most restrictive dollar first
  - ▶ Tier I and II before Tier III
  - ▶ Federal funds to the extent possible in place of cuts from categoricals and revenue limits
  - ▶ Before presuming it can't be done because of cuts, check to see whether there are protected balances or restricted resources to get the job done


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## Maximization Checklist

- Explore all options
  - ▶ It may not be possible to keep doing things the same way, but are there are alternatives to getting a similar or better result at less cost?


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## Maximization Checklist

- Avoid ongoing costs, but if they must be made, have an exit strategy
  - ▶ The best way to spend a one-time dollar, of which all ARRA should be treated this way, is towards one-time expenses
  - ▶ However, if ongoing costs are necessary, then ensure that stakeholders understand that this is a temporary fix to a long-term problem


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## Maximization Checklist

- With ARRA funds, consider one-time costs that yield ongoing dividends
  - ▶ Staff development
  - ▶ Assessment tool
  - ▶ Short-term help to alleviate special education backlog in paperwork
  - ▶ Purchasing technology and other equipment
  - ▶ Paying off debt


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## Maximization Checklist

- Strategically approach program and site allocations
  - ▶ Many districts have reduced site allocations – but take some time to review how sites have spent Title I and EIA in the past
    - ARRA provides more Title I
    - EIA remains unchanged
  - ▶ How do we ensure these dollars meet current needs?


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## Maximization Checklist

- Be prepared for change
  - ▶ It's not a question if, but when
  - ▶ Nothing is set-in stone so be prepared to react to more or less resources, but with a continued focus on priorities


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## Maximization Checklist

- Communicate and collaborate
  - ▶ This work requires collaboration between business, educational services, and human resources
  - ▶ Also, remember school leadership, parents, and community

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## Framework for Planning

**Step 1:**  
Determine areas/initiative to organize the budget – “Bucket List”

*Sample Areas Based on Priorities*

General Operations
School Site Allocation
Intervention Support
English Learner Support
Educational Improvement Initiatives
Instructional Materials

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## Framework for Planning

*Sample Alignment of Resources*

**Step 2:**  
Align funding – match funding to the “Bucket List”

<ul style="list-style-type: none"> <li>▪ Revenue Limit</li> <li>▪ K-3 CSR</li> <li>▪ Lottery</li> <li>▪ SFSF</li> </ul>	<b>General Operations</b>
<ul style="list-style-type: none"> <li>▪ Arts and Music</li> <li>▪ SLIBG</li> </ul>	<b>School Site Allocation</b>
<ul style="list-style-type: none"> <li>▪ Title</li> <li>▪ Hourly Programs</li> <li>▪ EIA</li> <li>▪ Pupil Retention BG</li> </ul>	<b>Intervention Support</b>
<ul style="list-style-type: none"> <li>▪ Title III</li> <li>▪ ELAP</li> <li>▪ CBET</li> </ul>	<b>English Learner Support</b>
<ul style="list-style-type: none"> <li>▪ SFSF      •Supplemental Counselors</li> <li>▪ PAR</li> <li>▪ GATE</li> <li>▪ 9<sup>th</sup> Grade CSR</li> <li>▪ All swept ending balances</li> </ul>	<b>Educational Improvement Initiatives</b>

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## Framework for Planning

**Step 3:**  
Provide list and available budget information to program planners

<b>Focus Area: <u>Educational Improvement Initiatives</u></b>		
<b>Available Resources:</b>		
Ongoing (sum of program funds) <b>\$372,000</b>		
One-time (sum of program funds) <b>\$50,000*</b>		
	<b>Activity</b>	<b>Cost</b>
1	CAHSEE-Academic Counseling	\$120,000
2	Professional Learning Comm.	\$156,600
3	Academic Coaching	\$50,000
4	GATE/Enrichment	\$45,400
5	Pre-K Early Intervention	\$50,000*
<b>TOTAL (Ongoing/One-time)</b>		<b>\$372,000 / \$50,000</b>
<b>Remaining Balance</b>		<b>\$0/\$0</b>

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## Framework for Planning


**Step 4:**  
Analyze resulting reductions

*Revise After Evaluating Cuts*

Revise to use Title I ARRA funding to support Professional Learning Communities as a centralized support for all Title I schools

Focus Area: <u>Educational Improvement Initiatives</u>		
Available Resources:		
Ongoing (sum of program funds) <b>\$528,600</b>		
One-time (sum of program funds) <b>\$50,000*</b>		
	Activity	Cost
1	CAHSEE-Academic Counseling	\$120,000
2	<b>Professional Learning Comm.</b>	<b>\$156,600</b>
3	Academic Coaching	\$50,000
4	GATE/Enrichment	\$45,400
5	Pre-K Early Intervention	\$50,000*
6	Health Aide	\$145,500
7	Instrument Repair	\$10,500
TOTAL (Ongoing/One-time)		\$528,000/ \$50,000
Remaining Balance		\$600/\$0

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## Framework for Planning

**Step 5:**  
Develop structure in the budget system to track and monitor

Focus Area: <u>Educational Improvement Initiatives</u>			
Available Resources:			
Ongoing (sum of program funds) <b>\$528,600</b>			
One-time (sum of program funds) <b>\$50,000*</b>			
	Activity	Est. Cost	Actual Cost
1	CAHSEE-Academic Counseling	\$120,000	\$110,000
2	<b>Professional Learning Comm.</b>	<b>\$156,600</b>	<b>\$156,600</b>
3	Academic Coaching	\$50,000	\$50,000
4	GATE/Enrichment	\$45,400	\$43,600
5	Pre-K Early Intervention	\$50,000*	\$50,000
6	Health Aide	\$145,500	\$145,500
7	Instrument Repair	\$10,500	\$12,300
TOTAL (Ongoing/One-time)		\$528,000/ \$50,000	\$518,000/ \$50,000
Remaining Balance		\$600/\$0	\$10,000/\$0


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## Available Tools

- There are a number of tools available to support applying these principles to local district budget planning
  - ▶ CATWizard
  - ▶ Matrix of Allowed Uses
  - ▶ Dynamic Budget Guide
  - ▶ ARRA Funding Calculation Worksheet

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## Surviving . . . And Thriving?

- In both good and bad budget times, we thrive when:
  - ▶ We carefully identify and respond to the needs of students
  - ▶ We operate with budgets that reflect school and district priorities for high quality instruction
  - ▶ We focus our energy on assets, not deficiencies
  - ▶ We do our very best with every cent we have – making wise investments on behalf of students

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