



Nancy S. Grasmick
State Superintendent of Schools

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TO: Members of the State Board of Education
FROM: Nancy S. Grasmick *Nancy*
DATE: February 24, 2009
RE: Federal Update

PURPOSE

The purpose of this agenda item is to update the State Board of Education on federal legislation affecting education, child care, libraries and vocational rehabilitation.

BACKGROUND

The first Session of the 111th Congress convened on January 6, 2009. Since that time, most focus has been on the *American Recovery and Reinvestment Act of 2009 (ARRA)*, more commonly referred to as the Stimulus Package. The House passed its version of the ARRA on January 28th. The Senate passed its version on February 6th. The Conference Committee reached agreement today, February 12, 2009. However, the Conference report has not yet been released. The Bill must go back to the House and the Senate for final approval before it is signed into law by the President. A summary of the final version of the provisions of the Bill and the expected budget increases related to education programs will be provided to you as soon as we receive the final Conference report and have had an opportunity to analyze it.

Attached is a chart illustrating the estimated budget allocations based on the House and Senate approved Bills. However, these are not the final numbers agreed to by the Conference Committee.

ACTION

For Information Only

Attachment

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
Program	H.R. 1	S.336	H.R.1	S.336		
Title I-A Grants to States	\$11 billion	\$11 billion (LEAs must spend at least 15% for early childhood education)	\$152,594,000 ¹ (FY2009-\$76,297,000) (FY2010-\$76,297,000)	\$152,470,000 ¹ (FY 2009- \$152,470,000)	\$11 billion	\$152,470,000 ⁴
Title I-A School Improvement Grants	\$2 billion	\$2 billion (encourage 40% used for middle and high schools)	\$27,102,000 ¹ (FY2009-\$13,551,000) (FY2010-\$13,551,000)	\$27,102,000 ¹ (FY2009-\$27,102,000)	\$1.4 billion	\$18,971,400 ⁴
IDEA (Part B)	\$13 billion	\$13 billion (LEAs must spend not less than 15% on early childhood education)	\$230,174,000 ¹ (FY2009-\$107,215,000) (FY2010-\$122,959,000)	\$229,791,000 ¹ (FY2009-\$229,791,000)	\$13 billion	\$229,791,000 ⁴
IDEA (Part C)	\$500 million	\$500 million	\$3,000,000 ⁴ (FY2009-\$1,500,000) (FY2010-\$1,500,000)	\$3,000,000 ⁴ (FY2009-\$3,000,000)	\$500 million	\$3,000,000 ⁴
State Data Systems (IES Grants)	\$250 million	-0-	competitive	-0-	-0-	
Education Technology State Grants	\$1 billion	\$1 billion (50% to LEAs via formula based on share of Title IA funds; 50% competitive grants)	\$13,066,000 ¹ (FY 2009-\$6,533,000) (FY 2010-\$6,533,000)	\$13,066,000 ¹ (FY 2009-\$13,066,000)	\$1 billion	\$13,066,000 ⁴

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

Program	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
Homeless Children/Youth	\$66 million	\$70 million (Allocated to states in proportion to % of homeless children in State in 2007-2008 school year compared to number nationally)	\$888,000 ¹ (FY 2009-\$444,000) (FY 2010-\$444,000)	\$961,000 ¹ (FY 2009-\$961,000)	\$70 million	\$961,000 ⁴
Impact Aid Construction	\$100 million	-0-	-0-	-0-	-0-	
Credit Enhancement for Charter Schools	\$25 million	-0-	competitive	-0-	-0-	
Teacher Incentive Fund	\$200 million	-0-	competitive	-0-	-0-	
Teacher Quality Partnerships (HEA IIA)	\$100 million	\$100 million	Higher Ed	Higher Ed	Higher Ed	
State Fiscal Stabilization Fund	\$79 billion (\$63.58b to states allocated: 61% based on population aged 5	\$79 billion (\$63.58b to states allocated: 61% based on population aged 5	\$1,164,104,000 ^{1,2} (FY2009-\$582,052,000) (FY2010-\$582,052,000) Note:	\$1,164,104,000 ^{1,2} (FY2009-\$1,164,104,000) Note:	\$39 billion (\$31.28b to states allocated: 61% based on population aged 5 to 24; 39% based on	572,714,267 ⁴

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

Program	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
	H.R. 1	S. 336	H.R. 1	S. 336		
	to 24: 39% based on total population) Gov. must use at least 61% for education) (\$15b to states for competitive innovation/ incentive grants)	to 24: 39% based on total population) Gov. must use at least 61% for education) (\$15b to states for competitive innovation/ incentive grants)	Education: \$582,052,000*61%= \$355,051,720 General Purpose: \$582,052,000*39%= \$227,000,280	Education: \$1,164,104,000*61%= \$710,103,440 General Purpose: \$1,164,104,000*39%= \$454,000,560	total population)	
K-12 Facilities Modernization, Renovation and Repair	\$14 billion	\$16 billion (allocated to states based on share of FY2008 Title I allocations; allocated to LEAs- to the 100 LEAs in nation with the most poor children- by formula, on the basis of the LEA's share of its State's Title I allocation; rest of the funding- will be awarded to LEAs on a	\$194,786,000 ¹ (FY 2009-\$194,786,000) (FY 2010-\$0)	\$211,997,000 ¹ (FY 2009-\$211,997,000)	-0-	-0-

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

Program	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
	H.R.1	S.336	H.R.1	S.336		
	competitive basis by the States using various criteria					
Child Care Development Block Grant	\$2 billion	\$2 billion	\$24,040,000 ³ (FY 2009-\$12,020,000) (FY 2010-\$12,020,000)	\$24,040,405 ⁵ (FY 2009-\$24,040,405)	\$2 billion	\$24,040,405 ⁴
Head Start/Early Head Start	\$1 billion/\$1.1 billion	\$1 billion/\$1.1 billion	\$7,897,194 ³ (FY 2009-\$3,948,597) (FY 2010-\$3,948,597)	\$7,495,320 ⁵ (FY 2009-\$7,495,320)	\$500 million/\$550 million	3,747,660 ⁴
Higher Education Modernization, Renovation and Repair	\$6 billion	\$3.5 billion	Higher Ed	Higher Ed		
Perkins Loan Cancellations (HEA IV-E)	---	\$61 million	Higher Ed	Higher Ed		
Pell Grants (mandatory and discretionary)	\$17 billion	\$13.9 billion	Higher Ed	Higher Ed		
Work Study	\$490 million	-0-	Higher Ed	Higher Ed		
Vocational Rehabilitation State Grants	\$500 million	\$500 million	\$6,700,000 ⁴ (FY 2009-\$3,350,000) (FY 2010-\$3,350,000)	\$6,595,973 ⁵ (FY 2009-\$6,595,973)	\$500 million	\$6,595,973 ⁴

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

Program	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
	H.R. 1	S. 336	H.R. 1	S. 336		
Centers for Independent Living	\$200 million: Centers for Ind. Living- \$114.581 mill; Older Blind Ind.- \$50.664 mill; State Grants for I.L.- \$34.775 mill	\$110 million: Centers for Ind. Living- \$75 mill; Older Blind Ind.- \$25 mill; State Grants for I.L.- \$10 mill	\$2,650,000 ⁴ (FY 2009-\$1,325,000) (FY 2010-\$1,325,000)	\$1,457,500 ⁴ (FY 2009-\$1,457,500)	\$500 million	\$1,457,500 ⁴
National School Lunch Program - Equipment Assistance	-0-	\$198,000,000	-0-	\$2,598,547 ⁵ (FY 2009 -\$2,598,547)	100,000,000	1,312,396 ⁴

1: Source: *Proposed Funding for Education in the American Recovery and Reinvestment Act of 2009*, Congressional Research Service, January 30, 2009

2: Estimated Maryland Allocation does not include State Innovation/Incentive grants (they are competitive grants)

3: Source: Department of Health and Human Services estimates, per House Appropriations Committee Majority Staff, 1/21/2009

4: Source: MSDE Estimate

5: Source: Senate Appropriations Committee, 1/30/09

Note 1: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Note 2: House Bill, generally, makes most funding available: 50% from 7/1/09 to 9/30/10 and 50% from 7/1/10 to 9/30/11.

**Maryland State Department of Education
Analysis: American Recovery and Reinvestment Act of 2009**

Program	National	National	Estimated MD Allocation	Estimated MD Allocation	Senate Compromise	Estimated MD Allocation of Senate Compromise
	H.R. 1	S. 336	H.R. 1	S. 336		

Note 3: Senate Bill makes funding available from date of passage of the Bill until 9/30/10.

DGL 2/8/09

Maryland State Department of Education

Preliminary Analysis: American Recovery and Reinvestment Act (ARRA)

Program	National Appropriation	Estimated Maryland Allocation
Title I-A Grants to States	\$10 Billion	\$136,436,011 ^a
Title I-A School Improvement Grants	\$3 Billion	\$40,652,000 ^b
IDEA (Part B) Section 611	\$11.3 Billion	\$200,241,802 ^a
IDEA (Part B) Section 619	\$400 Million	\$6,922,121 ^a
IDEA (Part C)	\$500 Million	\$7,505,513 ^a
State Data Systems (IES Grants)	\$250 Million	Competitive
Education Technology State Grants	\$650 Million	\$8,527,644 ^a
Homeless Children/Youth	\$70 Million	862,000 ^b
Teacher Incentive Fund	\$200 Million	Competitive
State Fiscal Stabilization Fund:	\$53.6 Billion	\$879,800,714 ^a
1. State Fiscal Stabilization Fund - Education	\$39.5 Billion	\$719,676,984 (81.8%)
2. State Fiscal Stabilization Fund - Flex	\$8.8 Billion	\$160,123,730 (18.2%)
3. State Fiscal Stabilization Fund - Incentive/Innovation Grants	\$5 Billion	Competitive
K-12 Facilities Modernization, Renovation and Repair	-0- School Renovation/Modernization is an available use under the State Fiscal Stabilization Fund	-0-
Child Care Development	\$2 Billion	\$24,040,000 ^d

Block Grant		(Of which \$1.987 Million is targeted for Quality Expansion and \$1.15 Million for Infants and Toddlers).
Head Start/Early Head Start	\$2.1 Billion	\$ 7,897,000 ^d
National School Lunch Program Equipment Assistance	\$100 Million	\$1,299,000 ^d
Vocational Rehabilitation State Grants	\$540 Million	\$6,879,192 ^a
Independent Living Programs	\$140 Million Centers for Ind. Living- \$87.5 Million Older Blind Ind.- \$34.3 Million State Grants for Ind. Living- \$18.2 Million	Centers for Ind. Living- \$1,300,000 ^{c*} Older Blind Ind. Living - \$629,924 ^a State Grants for Ind. Living- \$249,474 ^a *Funding goes directly from USDE to Centers for Ind. Living

- a. Source: USDE charts posted 2/18/09
- b. Source: CRS charts, 2/13/09
- c. Source: MSDE Estimate
- d. Source: FFIS charts, 2/17/09

1. MD Allocations are estimated. They are not intended to predict specific amounts states will receive.
2. Many issues are still unclear including: Maintenance of Effort requirements, Supplement/Not Supplant requirements, Comparability requirements, State Administrative Holdbacks, Timing of distribution of funds, and others. Guidance is expected to be forthcoming from US Department of Education in the near future.

Impact of American Recovery and Reinvestment Act

	FY '09	FY '10	FY '11
Fiscal Outlook			
Closing Fund Balance - Budget as Submitted	424	46	-713
Likely Revenue Writedown/Slots	-300	-300	-200
Change in Fund Balance Available from Prior Year		-300	-46
Closing Balance	124	-554	-959
Legislative Reductions			
		50	50
Restorations			
Medicaid Deficiency	-50	-30	-30
Energy Assistance Deficiency	-21	-21	-21
Community Colleges - 5% Growth		-12	-23
No Layoffs		-30	-32
Local Aid: Health (\$10 M)/Community Colleges (\$8 M)	-18	-18	-18
Adequately Fund DPSCS/DJS/DHMH/MSP/DHR		-50	-52
	-89	-161	-176
American Recovery and Reinvestment Act			
Enhanced Medicaid Match	420	560	300
Fiscal Stabilization - Discretionary		80	80
Education Stimulus Plan	-38	145	362
Less Stimulus Already Assumed in Budget		-350	-350
	382	435	392
Revised Closing Fund Balance	417	63	-630

Fully Funding Maryland Schools

Numbers in Millions

	FY 09	FY 10	FY 11	Total
Available Education Revenue - Fiscal Stabilization				721

Fully Fund Education Programs with Federal Dollars

Restore GCEI to 100% Funded in FY 10 & FY 11	88	88		176
Restore and Fully Fund Supplemental Grant	15	15		30
Fully Fund Growth in Teachers Retirement	137	192		329
Fully Fund Thornton Growth in FY 10 and FY 11*	0	56	130	186
	0	296	425	721

Additional State Investments in Education

Restore Non-public Placements to 80% State Share for FY 10 & FY 11**	48	48		96
Make Counties Whole for FY 2009 GCEI Cut	38			38
	38	48	48	134

*Remaining FY 11 growth of \$9 million will be funded with General Funds per original FY 11 budget plan.

**State share will drop to 50% in FY 2012.

Revised Education Funding Plan Fully Funds All State Aid Formulas

Counties will Also Receive Almost \$200 million of Direct Federal Aid in FY 10

GOVERNOR'S PLAN

FY 2010 Revised - GCEI, Supplemental Grant, and Non-Public Placements Restored to Full Funding

Local Unit	Original FY 10 Budget Proposal		TOTAL STATE INVESTMENT		Total State and Federal Investment			
	Direct	Total Aid	Direct Aid	Total	Additional Direct Federal Aid*	Total State & Federal Aid	Total Funding Improvement	
Allegany	86,109,361	94,130,831	776,660	86,886,021	94,907,491	2,587,452	97,494,943	3,364,112
Anne Arundel	273,394,605	336,023,334	9,980,567	283,375,172	346,003,901	12,784,475	358,788,376	22,765,042
Baltimore City	811,390,703	885,170,447	30,015,055	841,405,758	915,185,502	53,899,302	969,084,804	83,914,358
Baltimore	508,142,798	594,141,507	9,544,488	517,687,286	603,685,995	23,093,248	626,779,243	32,637,736
Calvert	85,254,601	100,417,716	1,989,694	87,244,295	102,407,410	2,224,935	104,632,345	4,214,629
Caroline	42,112,806	46,562,801	899,883	43,012,689	47,462,684	1,208,016	48,670,700	2,107,899
Carroll	139,046,011	162,451,044	3,772,850	142,818,861	166,223,893	3,213,988	169,437,861	6,986,818
Cecil	97,673,962	110,925,090	1,177,192	98,851,154	112,102,281	3,326,287	115,428,569	4,503,479
Charles	149,321,398	170,866,851	2,926,023	152,247,421	173,792,874	4,565,932	178,358,806	7,491,955
Dorchester	29,882,306	33,822,975	736,536	30,618,841	34,559,517	1,216,307	35,775,817	1,952,843
Frederick	201,466,539	234,483,734	5,267,943	206,734,482	239,751,677	5,505,358	245,257,036	10,773,302
Garrett	24,776,496	28,635,240	636,735	25,413,231	29,271,974	1,169,499	30,441,474	1,806,234
Harford	207,328,656	238,906,903	2,883,374	210,212,029	241,790,277	6,143,808	247,934,085	9,027,182
Howard	196,215,678	247,773,267	4,718,461	200,934,139	252,491,728	5,066,440	257,558,168	9,784,901
Kent	10,014,894	12,136,474	350,145	10,365,039	12,486,619	509,929	12,996,549	860,075
Montgomery	449,413,441	599,394,598	26,773,499	476,186,940	626,168,096	23,370,641	649,538,737	50,144,140
Prince George's	871,833,381	985,732,109	41,488,838	913,322,219	1,027,220,947	30,862,329	1,058,083,276	72,351,167
Queen Anne's	30,765,136	36,543,397	521,497	31,286,633	37,064,894	1,086,466	38,151,360	1,607,963
St. Mary's	92,455,391	105,486,628	2,403,014	94,858,405	107,889,642	2,754,988	110,644,610	5,157,982
Somerset	23,680,500	26,424,327	0	23,680,500	26,424,327	1,336,106	27,760,433	1,336,106
Talbot	10,915,359	14,225,144	10,077	10,925,436	14,235,221	770,126	15,005,347	780,203
Washington	142,431,349	159,012,057	623,435	143,054,784	159,635,491	4,248,359	163,883,850	4,871,794
Wicomico	116,079,433	128,396,313	82,059	116,161,491	128,478,371	3,774,649	132,253,020	3,856,708
Worcester	17,390,518	24,509,111	0	17,390,518	24,509,111	1,531,168	26,040,279	1,531,168
Unallocated	23,361,295	23,361,295	4,303,575	27,664,870	27,664,870	-	27,664,870	4,303,575
Total	4,640,456,616	5,399,533,189	151,881,597	4,792,338,214	5,551,414,788	196,249,769	5,747,664,557	348,131,367

*Over two years, local education agencies will receive about \$393 million of federal funding through Title I, Special Education, and Education Technology grants. This amount reflects the FY 2010 share.

