

An Overview of Major Youth-Related Investments Contained within the American Recovery and Reinvestment Act

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INTRODUCTION

On February 17, President Obama signed into law the American Recovery and Reinvestment Act (the Recovery Act). The Recovery Act provides major infusions of funding for youth-related programs and services that will serve to increase the availability of high-quality education and workforce preparation programs for young people in the City of Philadelphia. This brief paper provides information about the purposes and appropriation levels for several of those programs. Where possible, allocations for Pennsylvania and Philadelphia are included.

The summary is divided into two parts:

- (1) Funds that flow to local schools and programs through formulas established in federal statutes; and
- (2) Funds that will be directed to states and local areas based on competitive procurement processes.

Although funding for most components in the Recovery Act will remain available until June 30, 2011, state and local governments and other grant recipients are being urged to spend these dollars quickly in order to provide a much-needed stimulus to the economy. Consistent with this Congressional intent, the School District of Philadelphia expects to expend 100% of its share of State Fiscal Stabilization Fund dollars and 50% of those available through ESEA Title I and IDEA during the 2009-10 school year.

In several instances, specific guidance from federal agencies on Recovery Act components – particularly around competitive funding opportunities – is still forthcoming. Additions, modifications and any needed corrections to this briefing paper will be made as more information becomes available.

Sources used for this summary include guidance documents from the U.S Department of Labor, the U.S. Department of Education and the Pennsylvania Department of Education; and analyses by Jobs for the Future and PolicyLink, national research and policy organizations dedicated to improving the lives of disadvantaged youth and adults.

I. FORMULA GRANTS

A. ESEA Title I Targeted Grants – an additional **\$10 billion** is available nationally.

Overview. Title I of the Elementary and Secondary Education Act (ESEA, also known as “No Child Left Behind”) is the federal government’s largest investment in K-12 education. Regular annual funding from Title I of ESEA targets over \$11 billion in financial assistance to schools educating low-income students and also allocates another \$10 billion for teacher recruitment and professional development, educational technology, after-school programs, and other related purposes.

The Recovery Act provides an additional \$10 billion in Title I targeted grants to support the education of disadvantaged students. These funds are meant to mitigate the effects of recent reductions in local revenues and state support. Funds will be allocated to states and local school districts based on existing Title I formulas.

Some permitted uses include:

- Identifying and training highly effective teachers to be instructional coaches;
- Providing intensive year-long professional development to build teacher capacity;
- Aligning Title I pre-K programs with early learning K-3 standards;
- Offering high quality online courseware for high school math and science;
- Using longitudinal data systems for continuous improvement at classroom level;
- Providing reading or math coaches; and
- Offering supplemental activities before school, after school, during the summer, or over an extended school year.

Implications for Pennsylvania. Statewide, Pennsylvania school districts will receive approximately **\$383 million** in additional funds for Title I targeted grants.

Implications for Philadelphia. The Recovery Act will provide the School District of Philadelphia with **\$161.8 million** for Title I targeted grants.

B. Title I School Improvement Grants – an additional **\$3 billion** is available nationally.

Overview. Congress appropriated an additional \$3 billion in ESEA Title I funds to help states and local school districts to improve low-performing schools that have been identified as not making adequate yearly progress – the benchmarks for progress under Title I. States are to provide targeted assistance to schools identified for school improvement, corrective action, or restructuring under Title I’s accountability provisions. Grantees are encouraged to use 40 percent of this funding for middle and high schools.

Implications for Pennsylvania. Pennsylvania school districts are expected to receive an additional **\$121 million** in Title I School Improvement Grants.

Implications for Philadelphia. States must apply for these funds, and sub-state allocations have yet to be announced.

C. Individuals with Disabilities Education Act, Part B (IDEA) – an additional **\$12.2 billion** is available nationally.

Overview. IDEA supports education-related services to children with disabilities. Specifically, IDEA governs how states and public agencies provide early intervention, special education and related services to more than 6.5 million eligible infants, toddlers, children and youth with disabilities, and provides about \$20 billion annually to support these purposes. The Recovery Act provides an additional **\$12.2 billion** for IDEA.

Some examples of allowable uses include:

- State-of-the art assistive technology devices and training in their use;
- Intensive district-wide professional development to improve outcomes for students with disabilities;
- Increasing local capacity to collect and use data to improve teaching and learning; and
- Providing transition coordinators to work with employers in the community to develop job placements for youth with disabilities.

Implications for Pennsylvania. School districts in the Commonwealth are expected to receive an additional **\$384 million** through the Recovery Act.

Implications for Philadelphia. The School District of Philadelphia is expected to receive an additional **\$46.9 million** through IDEA Recovery Act funding.

D. Education Component of the State Fiscal Stabilization Fund (SFSF)

Overview. The Recovery Act provides \$48.6 billion in fiscal relief funds to states in order to prevent tax increases and cutbacks in education and other critical services. Of the overall funds available for SFSF, Congress directs states to use 81.8% to make up short falls in elementary, secondary and postsecondary education funding. This percentage yields **\$39.8 billion** for education.

Specifically, states are required to use SFSF funding first to restore state aid to school districts under state education funding formulas to 2008 or 2009 levels, whichever is greater. Any remaining funds must be allocated to school districts based on their shares of federal Title I funds. State applications must provide assurances that they are maintaining state funding efforts, achieving equity in teacher distribution, improving the collection and use of data, improving standards and assessments, and supporting low-performing schools identified under corrective action guidelines.

Implications for Pennsylvania. Pennsylvania's share of SFSF dollars directed to education is **\$1.6 billion**. Governor Rendell has proposed that the Commonwealth allocate a significant portion of these SFSF resources to support years two and three of the state's six year education funding plan, designed to address Pennsylvania's education funding gaps identified in the Commonwealth's Costing-Out Study. Specifically, the Governor proposes that:

- **\$418 million** be allocated to the Basic Education Formula (BEF) in 2009-10 and
- **\$735 million** will be allocated to the BEF 2010-11.

Based on state law, allowable purposes for these funds include:

- An amount equal to up to 4.1% of a district's increase over last year's basic education formula may be spent on any operational expense of the school district (including alternative education);
- 80% of the remainder of the basic education formula increase must be used to expand programs and services as follows:
 - Increasing instructional time,
 - Extending the school day,
 - Extending the school year,
 - Tutoring,
 - Implementing high-rigor curriculum/advanced courses,
 - Providing professional development to promote college and career ready high school graduates,
 - Reducing class size,
 - Providing pre-K and full-day kindergarten,
 - Offering teacher or principal incentives for struggling schools, and
 - Providing school library services;
- Up to 10% of funds may be used to maintain existing programs that meet the stated goals above or for one-time operational costs; and
- Up to an additional 10% of such funds may be spent on other strategies to increase achievement or for one-time operational costs.

In addition, the Governor proposes that:

- **\$88 million** be allocated to State-Related institutions of higher education (Temple, Penn State, Pitt and Lincoln) to recoup the budget reserves made necessary in the current budget year; and
- **\$317 million** (the amount of SFSF funds remaining) be distributed to school districts based on each school district's relative share of ESEA Title I funds.

Based on provisions of the Recovery Act, local education agencies may use these additional SFSF funds for activities authorized under the:

- Elementary and Secondary Education Act
- Individuals with Disabilities Education Act (IDEA) and/or
- Carl D. Perkins Act Vocational and Technical Education Act – designed to focus on the academic achievement of career and technical education students, to strengthen the connections between secondary and postsecondary education, and to improve state and local accountability.

In addition, SFSF funds may be used for school modernization, renovation, and repair of public facilities (including charter schools).

Implications for Philadelphia. If the Governor's proposal is adopted, then Philadelphia will see major increases from SFSF in two categories:

- Basic Education Fund. Philadelphia's projected share of the BEF equals **\$120,587,510.**
- Remaining SFSF allocation. In addition to the Basic Education Fund, Philadelphia is projected to receive **\$102,049,200** from the remaining portion of SFSF

E. Workforce Investment Act Youth Activities. – \$1.2 billion is available nationally.

Overview. These additional funds extend the abilities of local Workforce Investment Boards and Youth Councils to provide high-quality workplace preparation experiences for young people ages 14-24 who are economically disadvantaged and have a barrier to employment, increasing the current annual federal commitment by more than 125%. The Recovery Act places high priority on providing summer jobs during the 2009 summer.

Implications for Pennsylvania. The Commonwealth and its local Workforce Investment Boards and Youth Councils will receive an additional **\$41.6 million.**

Implications. Philadelphia is expected to receive an additional **\$7.4 million.** The Philadelphia Workforce Investment Board and the Council for College and Career Success approved a Request for Proposals for summer programming supported with Recovery funds, and have endorsed programs to provide opportunities for 2,500 youth this summer. Requests for Proposals will also be released for Recovery funds to support year-round programming for out-of-school youth beginning in late summer of 2009, and for a smaller number of summer opportunities for youth in 2010.

F. Job Corps - \$250 million is available nationally.

Overview. Job Corps, which provides intensive education and training opportunities for disadvantaged youth ages 18-24, has 122 programs in 48 states. Recovery Act funds are available for construction, rehabilitation and acquisition of new Job Corps centers. Furthermore, the Department of Labor may transfer up to 15% of Job Corps Recovery Act funds to meet operational needs of centers, including training for careers in the energy efficiency, renewable energy and environmental protection industries.

Implications for Philadelphia. New funds could support the Philadelphia Job Corps Center, now known as the Philadelphia Job Corps Life Science Institute, which provides education and training in a variety of life science-related fields to 355 students in a non-residential program.

G. Americorps – \$89 million is available nationally.

Overview. AmeriCorps addresses pressing education, public safety, and human and environmental needs by encouraging Americans to serve. These new funds are to be used for additional awards to existing grantees, with up to 20% of the award available for national grants and at least 80% for state grants.

Implications for Philadelphia: The major Philadelphia organizations receiving Americorps funds are EducationWorks and City Year.

H. Homeless Education - \$70 million is available nationally.

Overview. Secretary of Education is to allot to states in proportion to the number of homeless students identified during the 2007-08 school year relative to the number of children identified nationally. States are then to provide sub-grants to local education agencies on a competitive basis or according to a formula based on the number of homeless students.

Implications for Pennsylvania and Philadelphia. The Commonwealth is expected to receive approximately **\$2.8 million** in McKinney-Vento Homelessness Assistance Acts funds, but local-level allocations have not been determined.

I. Community Services Block Grant (CSBG) - \$1B is available nationally.

Overview. The CSBG program provides States and Indian Tribes with funds to lessen poverty in communities, and requires that States pass through 90% of funds to eligible local and regional grantees, including a network of public and private Community Action Agencies. CSBG funds provide a range of services and activities to address the needs of low-income individuals, including services and activities that address employment, education, better use of income, housing, nutrition, emergency services or health.

Implications for Pennsylvania: The Commonwealth will provide **\$42M** to local Community Action Agencies to provide a range of support services for low-income Pennsylvanians with income levels at or below 200% of poverty.

Implications for Philadelphia: The Mayor's Office of Community Services is expected to receive an additional **\$8.3M** in Recovery Act funding.

J. Work Opportunity Tax Credit (WOTC). The Recovery Act extends tax credits available to employers through the WOTC by expanding the targeted employee groups to include 16-24 year-old youth who are not regularly attending school, are not readily employable or are lacking basic skills. The WOTC credit generally entitles employers to a credit of 40 percent of the employee's qualified first-year wages up \$6,000, resulting in a maximum credit of \$2,400 per employee. The Recovery Act credit is available to employers who hire targeted individuals in 2009 or 2010.

II. COMPETITIVE GRANTS

A. SFSF Competitive Grants. In addition to the funds made directly available to states to promote educational improvements, SFSF also allocates **\$5 billion** to the U.S. Secretary of Education for two types of competitive grants.

1. "Race to the Top Fund" - **\$4.35 billion** is available nationally.

The Recovery Act authorizes discretionary funding for the U.S. Secretary of Education to provide incentives in the form of competitive grants to states that have made significant progress in:

- Achieving equity in teacher distribution;
- Improving collection and use of data;
- Improving assessments and standards; and
- Supporting struggling schools

The Recovery Act directs the Secretary of Education to develop criteria for competitive grant-making. To date, these criteria have yet to be issued. However, with the first set of Race to the Top funds slated for release in Fall 2009 (with the second to follow in Spring 2010), these guidelines are expected shortly.

For states that are awarded Race to the Top funding, at least 50 percent of state incentive grant funding must be dispersed as sub-grants to local education agencies based on their ESEA Title I formula allocations. Local education agencies may use these funds to provide education activities as authorized under ESEA, IDEA, Perkins, or the Adult and Family Literacy Act.

2. “Invest in What Works and Innovation Fund” - **\$650 million** is available nationally.

These competitive grants will reward school districts and non-profit groups with strong track records of results, and recognize them as models of best practice. Specifically, the Recovery Act authorizes discretionary funds for the Secretary of Education to provide “academic achievement awards” to local education agencies, partnerships between nonprofit organizations and local education agencies, or consortiums of schools that have:

- Significantly closed achievement gaps;
- Exceeded measurable objectives or raised all student achievement;
- Made significant improvement in other areas (i.e., graduation rates, recruitment of high quality teachers); and
- Established partnerships that will provide matching funds to bring results to scale.

Grantees may use the Invest in What Works and Innovation Fund to:

- Expand work and serve as models of best practice;
- Work in partnership with private and philanthropic entities; and
- Identify and document best practices

B. Educational Technology Grants - **\$650 million** is available nationally.

Overview. The Recovery Act provides additional dollars to states to support the expansion and improvement of educational technology.

Implications for Pennsylvania. The Commonwealth expects to receive about **\$25 million** in education and technology grants, and anticipates providing it to school districts through a combination of formula and competitive grants.

Implications for Philadelphia. Grant details are not yet known.

C. YouthBuild – \$50 million is available nationally.

Overview. YouthBuild provides 16-24 year-old disadvantaged youth with education and employment skills necessary to achieve economic self-sufficiency in high-demand occupations, and to succeed in postsecondary education and training. YouthBuild also provides youth with meaningful opportunities to work and serve in their communities, to build leadership skills and to become directly involved in community development and revitalization. Public or private non-profit organizations are eligible to apply for YouthBuild funding.

Implications for Philadelphia. Philadelphia has one YouthBuild program – Philadelphia YouthBuild Charter School – which enrolls 215 students each year in several programmatic options: a high school diploma track; vocational training (construction, technology and nursing) and community service.

D. Energy Efficiency and Renewable Energy Worker Training – \$500 million is available nationally.

Overview. These funds are available through the U.S. Department of Labor for research, labor market exchange and job training projects that prepare workers for careers in energy efficiency and renewable energy industries. There are six groups targeted for priority placement in training and related services, including “individuals, including disadvantaged youth, seeking employment pathways out of poverty,” and “formerly incarcerated, adjudicated, nonviolent offenders.”

Implications for Pennsylvania and Philadelphia. Eligible entities are not identified, but are likely to include non-profit organizations, as well as state and local governments.

E. Teacher Quality Enhancement - \$100 million is available nationally.

Guidelines from the U.S. Department of Education are expected shortly.

F. Teacher and Principal Incentives - \$200 million is available nationally.

Guidelines from the U.S. Department of Education are expected shortly.

G. State and Local Law Enforcement Grants. - \$225 million is available nationally.

Overview. The Recovery Act provides an additional \$225 million for the State and Local Law Enforcement Assistance Program. Funding, which will flow through existing competitive grant structures, may be used for youth mentoring.

Implications for Pennsylvania and Philadelphia: Allocations are not yet known.

H. Statewide Data Systems – \$250 million is available nationally.

Overview. The Recovery Act provides additional funds to the Institute for Education Sciences (IES) to support statewide data systems that include postsecondary and workforce information. States will participate in a new phase of the current Statewide Longitudinal Data Grant Program administered by IES and should expect changes in the data grant guidelines to reflect linkages to postsecondary and workforce. IES can make up to \$5 million available to states for state data coordinators and for awards to public and private entities to improve data coordination.

Implications for Pennsylvania and Philadelphia: Allocations are not yet known.

SOURCES USED IN COMPILING THIS REPORT

Employment and Training Administration. U.S. Department of Labor. *Training and Employment Guidance Letter No. 14-08: Guidance for Implementation of the Workforce Investment Act and Wagner-Peyser Act Funding in the American Recovery and Reinvestment Act of 2009 and State Planning Requirements for Program Year 2009.* March 2008.

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Pennsylvania Department of Education. *American Recovery and Reinvestment Act: Estimated School District Allocations.* March, 2009.

Pennsylvania Department of Education. *American Recovery and Reinvestment Act: Overview of Funding to Pennsylvania School Districts. Frequently Asked Questions.* March 2009.

Pennsylvania Department of Education. *Pennsylvania School District Guide to the Federal Stimulus Education Investments.* March 2009.

Pennsylvania Department of Education. *Webinar. American Recovery and Reinvestment Act: Overview of Funding to Pennsylvania School Districts.* March 2009.

U.S. Department of Education. *Guidance on the State Fiscal Stabilization Fund.* April 2009.

U.S. Department of Education. *American Recovery and Reinvestment Act of 2009: Title I, Part A Funds for Grants to Local Education Agencies.* April 2009.

U.S. Department of Education. *American Recovery and Reinvestment Act of 2009: IDEA Recovery Funds for Services to Children and Youths with Disabilities.* April 2009.

Helpful websites:

PA DOE Recovery site:

http://www.pdeinfo.state.pa.us/education_budget/cwp/view.asp?a=3&Q=148704

USDOE Recovery site: <http://www.ed.gov/policy/gen/leg/recovery/index.html>

USDOL Recovery site: <http://www.doleta.gov/recovery/>