

Revised 4.22.09

American Reinvestment & Recovery Act (ARRA)  
Overview of Funding to  
Pennsylvania School Districts  
Frequently Asked Questions  
**\*\*Updated Q and A in bold\*\***

These FAQs will be updated regularly as necessary and are organized into the following categories:

- In General
- Basic Education Funding increase and State Fiscal Stabilization Funding
- Title I
- IDEA

Please note that the following FAQs build upon those released on March 27, 2009. All updates as of April 22, 2009 are written in bold text.

**In General**

**General Q.1. What is the amount of ARRA funding for education to be received in Pennsylvania?**

Pennsylvania will receive ARRA funding through several different streams as follows:

- State Fiscal Stabilization Funds (SFSF): \$1.6 billion
- Title I: \$398 million
- Title I School Impr. \$124 million
- Title IID: \$26 million
- IDEA Part B: \$427 million
- IDEA Sec. 619 for Pre-school: \$14.5 million

Revised Allocations were released by USDE on April 9 as follows:

- State Fiscal Stabilization Funds (SFSF): **\$1.6 billion (no change)**
- Title I: **Was \$398,774,873 and increased to \$400,603,778**
- Title I School Impr. **Was \$124,600,000 and decreased to \$120,052,444**
- Title IID: **Was \$25,320,602 and increased to \$25,434,228**
- IDEA Part B: **\$427 million (no change)**
- IDEA Sec. 619 for Pre-school: **\$14.5 million (no change)**

**General Q.2. Who decides how ARRA education funding will be spent in Pennsylvania?**

ARRA is fairly prescriptive about how education funding is to be spent with most ARRA education dollars flowing to school districts. **Governor Rendell has proposed funding years two and three of the six year plan to close adequacy gap of school districts with the balance going to school districts as SFSF grants. The PA General Assembly may propose sending SFSF funds to school districts in other ways, for example,**

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**supplanting state funding of the current level of the Basic Education Fund. These issues will be resolved through budget negotiations.**

**General Q.3. Will Higher Education receive any ARRA funds?**

Governor Rendell has proposed that a total of \$88 million over two years go to state related institutions of higher education to recoup the budget reserves made necessary in the current budget year.

**General Q.4. How will the General Assembly participate in the decisions on how to spend ARRA education funding in Pennsylvania?**

As in every budget year, the Pennsylvania General Assembly must appropriate federal funds in the Pennsylvania budget including ARRA funds. The General Assembly, as in other years, must appropriate federal funds according to the requirements of the applicable federal statute.

**General Q.5. How will this money be distributed to school districts?**

Different distribution rules apply to each of the different funding streams under ARRA.

With regard to SFSF, 81.81% must be used to support elementary, secondary and higher education. In addition to the \$88 million to state related institutions of higher education, the administration proposes that a significant portion of SFSF be used to fund years two and three of the state's six year plan for the school funding formula that was enacted last year in the amounts of \$418 million in 2009-10 and \$735 million 2010-11.

The administration has proposed that the remaining SFSF in the amount of \$317 million be distributed to school districts based on each school district's relative share of Title I Part A funds.

**IDEA and Title I recovery funds are distributed according to the allocations established under law and determined by USDE.**

**General Q.6. Is it possible that the General Assembly could decide to spend SFSF on education differently than as proposed by the administration?**

**Yes. The General Assembly may consider using some of the SFSF funds to supplant some portion of the state funds in the Basic Education Fund at the existing level.**

**General Q. 7. What are the logistics of distribution of ARRA funds to school districts?**

School districts will be required to submit an E-grant application for their BEF/SFSF/regular Title I funds similar to the PaPACT application implemented last year. **The application will be posted in late April and be due no later than June 1. This E-grant application is intended as a planning process**

**\*\*New Question as of April 22 updated FAQs\*\*: General Q. 8. How can districts submit an application for funds in late April when the allocation of funds to districts is still so uncertain?**

**The uncertainty of the funds is not so different this year than in other years in which the governor proposed a budget in February, school districts submit proposed applications in the spring and a final budget is not enacted until the state budget deadline of June 30. This uncertainty was especially evident last year when Governor Rendell proposed a substantial increase in the BEF to be distributed via a new school funding formula calculated to close the state's share of the Adequacy Gap over six years. School districts budgeted based on the governor's proposal and were prepared to amend their budgets as necessary following enactment of the final state budget.**

**School districts should adopt the same approach this year, using the planning process to build a proposed budget that can be amended as necessary once the final Pennsylvania budget is enacted.**

**General Q. 9. Are there any restrictions on how school districts may spend their stimulus dollars?**

Each of the funding streams has its own parameters for funding which are more fully described in the department's Pennsylvania School District Guide to the Federal Stimulus Education Investments and the department's FAQs for each funding stream. These documents are available on the department's stimulus website at [www.pde.state.pa.us/stimulus](http://www.pde.state.pa.us/stimulus).

**General Q. 10. How do charter schools get ARRA funds?**

Charter schools will receive ARRA funding from the SFSF grant funds (state amount \$317 million), as well as additional ARRA funds for Title I, Title IID, and IDEA. These allocations are shown on the Estimated School District Allocations on the department's stimulus website at [www.pde.state.pa.us/stimulus](http://www.pde.state.pa.us/stimulus).

**General Q. 11. How do Career and Tech Ed schools get ARRA funds?**

Career and Technical Education schools do not receive any ARRA funds directly but would receive ARRA funds through their sponsoring school districts.

**General Q. 12. What is the time frame for applications for competitive grants?**

ARRA provides for several competitive grants including at least one grant for which school districts may apply; this is the "Invest In What Works and Innovation" grant in the total national amount of \$650 million. Guidance for the competitive grants has not yet been posted by USDE.

**General Q. 13. Can school districts spend ARRA stimulus money on specific projects or innovations like textbooks, a career education counselor, creating a wireless environment or buying a modular classroom?**

The rules and restrictions applicable to the different funding streams of SFSF, Title I, Title IID and IDEA vary with the funding stream so it is necessary to ask the question about particular expenditures with reference to the particular funding stream.

**General Q. 14. May school districts use all of their “one time” funding – SFSF grant, title I and IDEA ARRA supplemental funding – in the first year leaving none to spend in the second year?**

**Yes to the extent that the final state budget appropriates funds in the first year.**

**General Q. 15. How will school districts be required to account for their ARRA funds?**

Guidance has not yet been received on the specific data that USDE will want collected on the expenditure of ARRA funds however, President Obama and USDE Secretary Arne Duncan as well as Governor Ed Rendell have already made clear that transparency, reporting and accountability are a priority for ARRA funds. We expect to be able to provide more information about data collection and reporting soon.

**General Q. 16. When will school districts actually receive funds?**

The PaPACT application for BEF increases (which now includes ABG and EAP allocations) and SFSF grants will be made available to school districts and charter schools on e-Grants in late April, 2009 and will close on June 1.

The 2009-10 Federal Programs Consolidated Application opened on April 5, 2009 and the Supplemental Title I applications will be due on May 15, 2009.

**The school age ARRA-IDEA-B application is scheduled to be forwarded to the 29 IUs on Tuesday April 28, 2009. The deadline for submission of the application is June 3, 2009.**

**While school districts may obligate funds as soon as applications are received in approvable form, no funds may actually be disbursed until they have been appropriated in a final Pennsylvania budget.**

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**Basic Education Fund increase and SFSF grants**

**BEF Q.1. What is the Basic Education Fund increase this year?**

The increase in Basic Education Funding proposed by the governor for 2009-10 is in the total amount of \$418 million, which is the full amount of year two of the six year implementation plan to fund the state's share of the school funding adequacy gap in every school district.

Governor Rendell originally proposed a BEF increase of \$300 million in his budget address in February but the subsequent passage of the ARRA made additional funding available. At this time, the Governor has proposed using the State Fiscal Stabilization Fund portion of ARRA to fund the full amount of years two and three of the funding formula six year roll out in the amounts of \$418 million and \$735 million respectively in 2009-10 and 2010-11.

**BEF Q.2. How is the BEF increase related to ARRA funding?**

The governor proposes to use the Recovery Act State Fiscal Stabilization Fund to fund the BEF increase in 2009-10 and 2010-11.

**\*\*New Question as of April 22 updated FAQs\*\*: BEF Q.3. Is it possible that the General Assembly could decide to spend SFSF on education differently than as proposed by the governor?**

**Yes. The General Assembly may consider using some of the SFSF funds to supplant some portion of the state funds in the Basic Education Fund at the existing level. Federal rules for SFSF includes a Maintenance of Effort requirement that states will maintain state support for elementary and secondary education at least a the level of such support in 2005-06.**

**\*\*New Question as of April 22 updated FAQs\*\*: BEF Q.4. When would we know with certainty how SFSF will be spent on education in Pennsylvania?**

**This question will ultimately be solved in budget negotiations.**

**BEF Q.5. What happened to ABG and EAP funding?**

These two funding streams have been rolled into the Basic Education Fund in a manner that preserves the funding stream for every district. While the actual allocations of ABG and EAP are now included in the BEF increase column, each district is still receiving its ABG and EAP funding in addition to its BEF increase based on the funding formula. This is true for all districts, even those districts which are receiving the 2% minimum increase.

**BEF Q.6. Do the ABG and EAP spending restrictions still apply to the ABG and EAP funding streams?**

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Yes. ABG funding may be spent as specified in 24 PS 25-2599.2 and EAP funding may be spent as specified in 24 PS 15-1512-C.

**BEF Q.7. How may school districts spend their BEF increase?**

Under the Governor's proposal, school districts must spend their BEF increase based on the same rules that applied last year as specified in 24 PS 25 - 2502.49:

- An amount equal to up to 4.1% of the district's increase over last year's BEF formula may be spent on any operational expense of the school district.
- 80% of remainder of the increase in BEF over last year must be used to expand programs and services as follows:
  - Increase in instructional time
  - Extend the school day
  - Extend the school year
  - Tutoring
  - Implementation high rigor curricula/advanced courses
  - Professional development to promote college and career ready high school graduates
  - Class size reduction
  - Pre-k or full day kindergarten
  - Teacher or principal incentives in struggling schools
  - School library services
- Up to 10% of such funds may be spent to maintain existing programs that meet the stated goals above or for one time operational cost
- Up to an additional 10% of such funds may be spent on other strategies to increase achievement or for one-time operational cost

**\*\*New Question as of April 22 updated FAQs\*\*: BEF Q.8. Do charter schools receive SFSF funds?**

**State law determines whether a charter school is an LEA or a school within an LEA. In Pennsylvania, a charter school is a school within an LEA and receives state Basic Education Funds through its chartering LEA. Therefore, SFSF monies proposed to fund increases in the BEF in 2009-10 and 2010-11 are not separately allocated to charter schools.**

**Charter schools are included in the additional SFSF grant funding stream proposed in the total amount of \$317 million and these allocations are shown on the spreadsheets posted on the department's Recovery Act website at [www.pde.state.pa.us/stimulus](http://www.pde.state.pa.us/stimulus).**

**BEF Q.9. How may school districts spend their SFSF grants?**

Because SFSF grants are one time grants, not expected to be renewed after 2011, SFSF should be spent on one-time, short term expenditures that can be funded within two years and do not need to be sustained. SFSF allocations to school districts and charter schools are shown on the Estimated School District Allocations on the department's stimulus website at [www.pde.state.pa.us/stimulus](http://www.pde.state.pa.us/stimulus).

Suggestions for one-time short term expenditures of SFSF grants are:

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- Modernization, renovation and repair of school facilities and/or
- Any activity authorized under:
  - ESEA/NCLB
  - IDEA
  - Carl D. Perkins Career and Technical Education Act
  - Adult and Family Literacy Act

**BEF Q.10. May SFSF grants be used for technology?**

Yes.

**BEF Q.11. May BEF increase or SFSF funds be used for Alternative Education?**

Under the governor's proposal, up to 4.1% of the increase in BEF may be used for any operational costs including Alternative Education. The remainder of the BEF increase may be used for a menu of programs identified in 24 P.S. 25-2502.49 which includes

strategies for addressing the learning needs of students at risk of academic failure or needing remediation or in strategies to ensure that students stay in school until graduation and successfully transition to postsecondary education or to the workforce.

To the extent alternative education programs fall within this definition or other definitions in this section, then increase in BEF funds may be used.

School districts are encouraged to use SFSF funds for one-time short term expenses because SFSF is not expected to be sustained over time.

**\*\*New Question as of April 22 updated FAQs\*\*: BEF Q.12. How must SFSF funds be accounted for?**

**All Recovery Act funds, including SFSF, must be spent with an unprecedented level of transparency and accountability. Therefore, LEAs must maintain accurate, complete and reliable documentation of all Recovery Act expenditures including SFSF expenditures. The department is currently in the process of developing a system of accountability and reporting to enable and assist LEAs in complying with these new reporting requirements.**

**In addition, expenditures of Recovery Act funds must be transparent with the public fully apprised of all activities that occur through implementation and expenditure of SFSF. Information and data collected on expenditures and outcomes will be made available to the public on an ongoing basis through the Recovery Act websites of the state and the department.**

**\*\*New Question as of April 22 updated FAQs\*\*: BEF Q.13. What information will be required to be in the quarterly reports due from states to the federal government?**

**Guidance has not yet been received from USDE on the detail that will be required in the quarterly reports of states.**

**BEF Q.14. What information will the states be required to provide in the Phase II Application for the balance of state's SFSF allocation?**

Guidance has not yet been received from USDE on this information either.

However, in his letter to governors dated April 1, 2009, USDE Secretary Arne Duncan gave a brief preview of the specific metrics in each of four specific areas of education reform that will be included in Phase II application:

- **Teacher effectiveness and ensuring that all schools have highly qualified teachers** - A state would report on the extent to which all students have access to qualified and effective teachers and whether or not teachers are evaluated based on how well their students perform.
- **Higher standards and rigorous assessments that will improve both teaching and learning** – A state would report the extent to which public information is available regarding student performance compared to other states, the extent to which all students are fully included in state assessment and accountability systems and are provided high-quality assessments, and how many high school seniors continue on to pursue a college education or technical training.
- **Intensive support, effective interventions, and improved achievement in schools that need it the most** – A state would identify schools most in need of academic intervention, and report on the progress of those schools in implementing reforms to improve student academic achievement.
- **Better information to educators and the public, to address the individual needs of students and improve teacher performance** – A state would report on the extent to which it has implemented a system to provide greater clarity to parents about the quality of their child's education.

For more information, Secretary Duncan's April 1 letter is available at <http://www.ed.gov/programs/statestabilization/2009-394-cover.pdf>



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**Title I**

**Title I. Q1. Will LEAs receive a regular Title I allocation on July 1 in addition to the Title I Supplemental Allocation through ARRA?**

Yes. The Supplemental Title I Allocation received through ARRA is in addition to the regular Title I money that eligible LEAs will receive for 2009-10 on July 1.

**Title I. Q2. Will LEAs receive Recovery Act Title I for one year or two?**

The Recovery Act Title I dollars are a one-time allocation and are considered to be 2009-10 funds. There will NOT be a second ARRA supplemental Title I allocation in 2010-11.

**Title I. Q3. What is the obligation period for the Recovery Act Title I Funds?**

The obligation period will be April 5, 2009 (or upon submission of the eGrant application) through September 30, 2011 (with approved carryover).

**Title I. Q4. Explain the process for applying for both the Recovery Act and Regular Title I allocations for 2009-10.**

The Federal Programs eGrant system opened on April 5, 2009, for LEAs to complete the portion of the Consolidated Application for the Supplemental Title I dollars under ARRA. Those applications will be due no later than May 15, 2009, and processed for funding. On or about July 1, 2009, the application for the regular Title I allocations will be opened and LEAs will amend their Consolidated Application to include the regular portion of the Title I dollars.

**Title I. Q5. Do all of the regular Title I set-aside rules (such as School Improvement/School Choice and SES, Parent Involvement, etc.) apply to the Supplemental Title I funds under ARRA?**

Yes.

**Title I. Q6. Does the 15% carryover limitation on Title I funds apply to the Supplemental Title I funds under ARRA?**

Yes. The carryover limitation applies and, in accordance with ARRA, LEAs are expected to plan programs that can be implemented quickly and effectively. However, the State may request waivers from USDE on this requirement for LEAs with appropriate justification from the LEA.

**Title I. Q7. What are the differences in allowable uses of the Supplemental Title I ARRA funds in schoolwide vs. targeted Title I programs?**

The same rules apply to the Supplemental ARRA Title I dollars as the regular Title I dollars. Schools are eligible to use their Title I funding "schoolwide" if they have at least 40% free/reduced lunch population in their building and if they have a schoolwide plan

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written. Schoolwide programs give schools the maximum amount of flexibility in spending Title I dollars. If a school district's Title I schools are operating a "schoolwide" Title I program, Title I may fund any activity written in the district's schoolwide plan.

In a Title I targeted program (for those Title I buildings with less than 40% free/reduced lunch population), the Title I dollars must be targeted to programs for the school's lowest performing students and be focused in the areas of Reading/Math.

As districts plan for the use of Supplemental Title I funds under ARRA, note that whether a particular purchase of such things as science kits, literacy/math coaches and library materials is permitted, will depend on the type of Title I program being implemented in the schools.

**Title I. Q.8. Must LEAs provide equitable services to Nonpublic schools with the Supplemental Title I ARRA funds?**

Yes. The same rules apply to the Supplemental Title I funds as the regular Title I funds.

**Title I. Q.9. Will funding exist after 2011 to support expansion or additions to our Title I programs that are implemented with the ARRA funds?**

No. It is for this reason that PDE is encouraging districts to consider programs or services that can be implemented and paid for within two years and do not need additional funds to sustain after 2011.

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**IDEA**

**IDEA Q.1. Are Recovery Act IDEA B funds in addition to the funds received last year from IDEA B?**

Yes. ARRA funds are separate from and in addition to the school district's regular allocation.

**IDEA Q.2. When and how will Recovery Act IDEA funds be available?**

At this time it is anticipated that the funds will be passed through some of the IUs, although there are anticipated changes in the routine process to expedite moving the funds to the school districts and charter schools. Additional information regarding the disbursement will be forwarded to the IUs, school districts and charter schools by late April. **The deadline for submission of the application will be June 3, 2009.**

**IDEA Q.3. Will school districts have access to all Recovery Act IDEA supplemental funds immediately or will PDE split it into two separate years?**

The Department of Education plans to award 50 percent of the IDEA, Part B funds (Grants to States) as soon as the Department receives the Grant Award. The second 50% will be distributed in October 2009.

**IDEA Q.4. How quickly will Recovery Act IDEA funds have to be spent?**

All Recovery Act IDEA funds must be obligated by September 30, 2011.

**IDEA Q.5. May school districts use Recovery Act IDEA money for school modernization, in particular, construction of Special Ed classrooms to reduce class size?**

No. IDEA-B funds may not be used for construction.

**IDEA Q.6. Are school districts allowed to reduce their local effort for special education by using the additional IDEA funds we are going to receive?**

An LEA may be able to reduce the level of state and local expenditures otherwise required by the IDEA LEA maintenance of effort (MOE) requirements as allowed under IDEA. Generally, under section 613 (a) (2) (c), in any fiscal year that an LEA's IDEA allocation exceeds the amount the LEA received in the previous year, under certain circumstances, the LEA may reduce the level of state and local expenditures by up to 50 percent of the amount of the increase, as long as the LEA uses those freed-up local funds for activities that could be supported under the ESEA.

If an LEA takes advantage of this provision, the required MOE for future years is reduced consistent with the reduction taken, unless the LEA increases the amount of its state and local expenditures on its own. We encourage LEAs that can and do take advantage of this flexibility to focus the freed-up local funds on one-time expenditures that will

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promote progress on the goals stated in SFSF, such as improving the equitable distribution of effective teachers and high quality assessments. School and districts should be prepared to collect and report information on the use of the freed-up funds.

**IDEA Q.7. Are Recovery Act IDEA funds subject to maintenance of effort in the future?**

All Recovery Act IDEA funds must be used consistently with the current IDEA, Part B statutory and regulatory requirements and applicable requirements in the General Education Provisions Act (GEPA) and the Education Department General Administrative Regulations (EDGAR). The LEA may not have maintained state and local effort based on the Department's initial review of data, but will have an opportunity to provide additional information to the Department that demonstrates the LEA can meet certain exceptions to MOE under 34 C.F.R. §300.204 which may include many of the approved ARRA expenditures for one-time expenses.

**IDEA Q.8. May districts use Recovery Act IDEA funding for energy audits or green expenditures?**

No. These are not allowable expenditures under IDEA B.

**IDEA Q.9. Can Recovery Act IDEA funds be used to purchase a wheelchair van?**

No, but funds would be allowed toward rental or lease of a vehicle.

**IDEA Q.10. May school districts reduce property taxes or avoid a tax increase with Recovery Act IDEA funds?**

Reduction of property taxes is not an allowable use of IDEA funds. However, if the district was considering a tax increase to fund additional expenses for special education and is able to avoid or postpone such a decision by using supplemental Recovery Act IDEA funds for permitted new special education expenses, that is permitted.

Recovery Act or regular IDEA funds can be used for any allowable new costs. IDEA funds can not be used to replace/supplant local or state funds. For example, if you are currently paying a teacher's salary with local/state funds you cannot replace the local/state funds with IDEA funds. However, if you want to purchase new assistive technology or present professional development to help teachers meet the needs of their students with disabilities, Recovery Act IDEA funds could be used for these purposes.

**IDEA Q.11. Can the IDEA preschool money be used to create inclusive pre-k programs?**

Yes, as long as it does not supplant existing state/local funds.

**IDEA Q.12. Can IDEA funds be used to increase ADA compliance for elevators?**

IDEA funds can not be used for construction.

**IDEA Q.13. Can we use 50% of the Recovery Act IDEA funds (increase over prior year) to fund operational increases over last year?**

An LEA may be able to reduce the level of state and local expenditures otherwise required by the IDEA LEA maintenance of effort (MOE) requirements as allowed under

IDEA. Generally, under section 613 (a) (2) (c), in any fiscal year that an LEA's IDEA allocation exceeds the amount the LEA received in the previous year, under certain circumstances, the LEA may reduce the level of state and local expenditures by up to 50 Percent of the amount of the increase, as long as the LEA uses those freed-up local funds for activities that could be supported under the ESEA. If an LEA takes advantage of this provision, the required MOE for future years is reduced consistent with the reduction it took, unless the LEA increases the amount of its state and local expenditures on its own. We encourage LEAs that can and do take advantage of this flexibility to focus the freed-up local funds on one-time expenditures that will help the state make progress on the goals in the SFSF program, such as improving the equitable distribution of effective teachers and the quality of assessments. Be prepared to collect and report information on the use of the freed-up funds.

**IDEA Q.14. Can IDEA funds be used to replicate Classrooms for the Future in special ed classrooms?**

IDEA funds can be used to purchase computers and software for eligible students with disabilities.

**IDEA Q.15. Do the IUs receive a percentage of the IDEA funds prior to giving the districts their allocations?**

IUs will receive funds to serve pre-school children with disabilities (EI) and the children with disabilities unilaterally enrolled in private schools by their parents (EP). Both the EI and EP deductions are mandated by the federal funding calculation. BSE is encouraging school districts and charter schools to contract with their IUs to provide professional development as appropriate.

**IDEA Q.16. Could IDEA funds be used to expand wireless technology in buildings in which LRE percentages are being met?**

IDEA funds may not be used to pay for an entire technology project in a building that includes both children with disabilities and other children. IDEA funds may be used to pay for the proportion of the expense equaling the eligible students with disabilities who will have access to and use of this technology.

**IDEA Q.17. May school districts use Recovery Act IDEA funds to fund the increases in salary and benefits of current staff?**

IDEA funds may only be used for salary and benefit increases for staff who are currently being paid from IDEA funds. Districts may also use the funds for new positions, realizing this is one-time revenue which will need another funding source to sustain the salary and benefits in the future, unless positions are temporary.

**IDEA Q.18. May Recovery Act IDEA funds be linked to a new cyber school initiative for students who qualify for Title I and/or IDEA?**

Charter schools which serve Title I and IDEA students already receive their own allocations of Recovery Act IDEA funds.

**\*\*New Question as of April 22 updated FAQs\*\*: IDEA Q.19. Does IDEA section 300.205 allowing for a 50% exception apply to the Recovery Act IDEA funding? How does this work and how should it be calculated to ensure compliance?**

An LEA may be able to reduce the level of state and local expenditures otherwise required by the IDEA LEA maintenance of effort (MOE) requirements. Generally, under section 613 (a) (2) (c), in any fiscal year that an LEA's IDEA allocation exceeds the amount the LEA received in the previous year, under certain circumstances, the LEA may reduce the level of state and local expenditures by up to 50 percent of the amount of the increase, as long as the LEA uses those freed-up local funds for activities that could be supported under the ESEA.

If an LEA takes advantage of this provision, the required MOE for future years is reduced consistent with the reduction taken, unless the LEA increases the amount of its state and local expenditures on its own. We encourage LEAs that can and do take advantage of this flexibility to focus the freed-up local funds on one-time expenditures that will help the state make progress on the goals in the SFSF program, such as improving the equitable distribution of effective teachers and the quality of assessments. Be prepared to collect and report information on the use of the freed-up funds.

**\*\*New Question as of April 22 update\*\*: BEF Q.20 . If a district spends its Recovery Act IDEA money on one-time expenses, won't this affect the district's ability to meet MOE the next year? The special ed. expenditures in the year of use will be substantially increased so how will the district pass the MOE unless it spends the same amount or more the next year?**

The LEA may not have maintained state and local effort based on the department's initial review of data, it will have an opportunity to provide additional information to the department that demonstrates the LEA can meet certain exceptions to MOE under 34 C.F.R. §300.204 which may include many of the approved ARRA expenditures for one-time expenses.