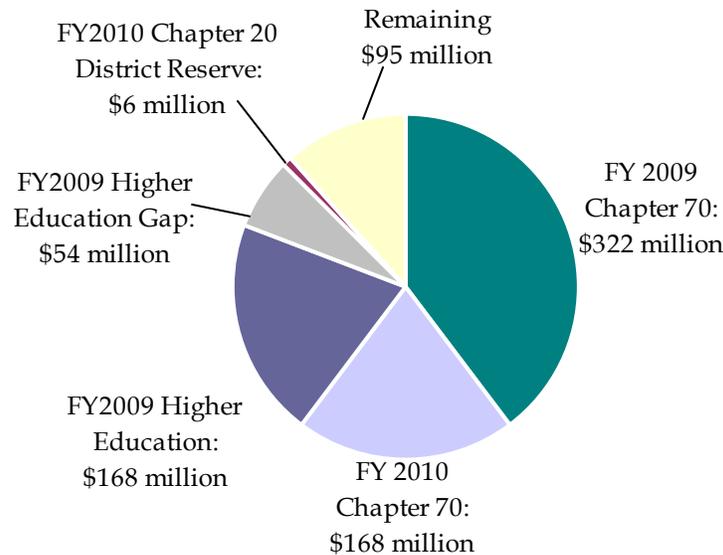


American Recovery and Reinvestment Act – Education

The American Recovery and Reinvestment Act (ARRA) is intended to create and save jobs, protect public services, provide assistance to people looking to find long-term employment, and make long-term investments that will foster economic development in the future. One of the chief ways ARRA supports these goals is by providing close to \$90 billion in funding for education. By supporting education, ARRA funds help to avoid teacher layoffs, retain and improve programs for children in need, and lower the cost of higher education degrees necessary for jobs in many parts of the economy. This funding is designed not just to meet the short-term challenges of the recession, but to support improvements to education that will have long-term benefits for students and the economy. *MassBudget* estimates that Massachusetts and its residents will benefit from close to \$1.8 billion in ARRA education funds.

ARRA Provides \$813 Million in Education Block Grant Funding



EDUCATION BLOCK GRANT

The single largest source of education funding in ARRA is the education block grant, funded at \$39.7 billion nationally. According to the federal funding formula, Massachusetts will ultimately receive \$813 million of this amount. The purpose of this grant is to help the state continue to fund public K-12 and state higher education campuses at FY 2008 levels and provide increases in aid called for by the state's funding formula. Massachusetts has committed \$718 million of these funds for use in FY 2009 and FY 2010. These funds directly address the budget gap by allowing the state to use federal funds to fulfill a portion of their funding obligations for education and ensure that necessary increases in aid are available to K-12 school districts.

SPECIAL EDUCATION FUNDING

ARRA includes \$12.2 billion in funding for special education programs consistent with the federal Individuals with Disabilities Education Act (IDEA). Massachusetts has received its share of \$299.3 million in IDEA funds, the majority of which (\$280 million) fund special education services at K-12 public schools. The remaining \$19.3 million are for special education services for preschool age children as well as the state's Early Intervention program for children under age 3. While IDEA funds can only be used for IDEA-approved purposes, they can temporarily replace part of the state and local match requirements for these programs, potentially freeing up money for other purposes.

FUNDING FOR LOW-INCOME STUDENTS

ARRA includes \$13 billion in federal Title I funding which provides services to low-income students. In Massachusetts, school districts with the highest percentages of low-income children received \$163.4 million in these funds to be spent no later than the 2010-2011 school year. Title I funds can be used for a number of programs, such as teacher training, supplemental coursework and after school tutoring.

SUPPORT FOR HIGHER EDUCATION

ARRA uses \$17.1 billion to increase the dollar amount of Pell Grants received by income-eligible students. Through ARRA, the maximum Pell Grant is increased from \$4,850 to \$5,350. Pell Grants are awarded to students with financial need who are attending one of the more than 5,400 approved postsecondary institutions. While it is not yet known how much of this increase will go to Massachusetts residents, the state estimates the total at more than \$360 million.

In addition, ARRA creates The American Opportunity tax credit for postsecondary tuition and other expenses. The credit builds on an existing Hope Credit by expanding the list of qualifying expenses to include required course materials, and by covering four years of post-secondary education rather than just two. Taxpayers can claim \$2,500 tax credit for college tuition and related costs. The benefit is expected to provide \$193.5 million in benefits to an estimated 71,000 income eligible college students in Massachusetts.

STATE INNOVATION FUND

The State Innovation Fund is a \$5 billion two-part grant program created in ARRA that will fund education programs designed to improve data systems, recruit and retain talented teachers, turnaround struggling schools and close the achievement gap. The Race to the Top fund, of \$4.35 billion, will be awarded to states who have demonstrated accomplishments in these areas, while a further \$650 million will be distributed to school districts through the Investing in Innovation fund.

EDUCATION TECHNOLOGY

ARRA includes two programs, totaling \$850 million, to improve educational technology and data systems. Of this amount, \$650 million is awarded through formula based education technology grants. Massachusetts is slated to receive \$10.4 million in these funds which are then awarded through as sub-grants to school districts that use the funds to purchase technology that improve instruction and student achievement. In addition, ARRA includes \$250 million for states to improve their data tracking systems. These funds will be awarded through a competitive grant process.

TEACHER INCENTIVE PAY

The Teacher Incentive Fund supports pay for performance systems in school districts around the country. The \$200 million for the Teacher Incentive Fund included in ARRA will be awarded through a competitive grant process to high-need school districts that agree to adopt a performance based pay system.