

# Summary of the Federal Stimulus Bill: American Recovery and Reinvestment Act (ARRA)

## Overview

- The American Recovery and Reinvestment Act (ARRA) – a \$787 billion federal stimulus bill – was signed into law on February 17, 2009.
- Massachusetts will receive an estimated \$8.7 billion in federal support over the next two years with additional funding available through competitive grants.
- \$1.88 billion has been allocated for early childhood, elementary, secondary and higher education.

## Primary ARRA Funding Sources for Early Education and Care

The tables below list the major sources of funding for early education and care included in the federal stimulus package.<sup>1</sup>

Program	Funding for MA	Total ARRA funding
Child Care Development Block Grant (CCDBG)	\$23.9 M (\$3.8 M for quality) (\$1.1 M of quality for infants/toddlers)	\$2.0 B (\$255 M for quality) (\$94 M of quality for infants/toddlers)
Head Start and Early Head Start	\$10.1 M	\$2.1 B
IDEA part B, Preschool	\$10.3 M	\$400 M
IDEA part C, Infants and Families	\$7.4 M	\$500 M

*Funding primarily for public school districts; pre-k is an allowable and encouraged expense:*

Program	Funding for MA	Total ARRA funding
State Fiscal Stabilization Fund	\$994 M	\$53 B
Title 1, Part A	\$163 M	\$10 B

## Details of Each Funding Source

1. **Child Care Development Block Grant (CCDBG):** This is the primary source of federal stimulus dollars administered by the Department of Early Education and Care (EEC). CCDBG provides funding for child care subsidies and other direct services targeted for welfare/welfare-to-work families and includes a set aside for quality investments in programs. More specifically, 70% of CCDBG funds must be used to support direct services, 4% must be spent on improving program quality (defined broadly), and there is 5% cap on administrative costs. ARRA includes additional funding for quality (\$255 million) above the existing 4%, as well as mandates for spending on infant and toddler programs.
2. **Head Start/Early Head Start:** ARRA provides additional Head Start funding for a number of specific purposes:
  - Expansion of programs, particularly Early Head Start.
  - Quality funding for staff compensation and training, upgrading centers and classrooms, increasing hours of operation, and transportation services.
  - Cost-of-living increases (nearly 5%) to all Head Start and Early Head Start programs and staff.
  - Grants to states to establish advisory councils on early childhood education and care to improve coordination between Head Start, Early Head Start and state-run early education programs.
  - Additional funds to support training and technical assistance, program monitoring, and program support.

The US Department of Health and Human Services provides a [detailed breakdown](#) of Head Start funds, as well as FY09 appropriation increases totaling \$235 million.

3. **Individuals with Disabilities Education Act (IDEA), Part B and C:** Part B (Section 619) of IDEA provides funding for children ages 3 through 5 with disabilities. A majority of funds are distributed to school districts to support general operating expenses with 25% reserved by the state for coordinating services. The US Department of Education recommends as an allowable use of funds the expansion of the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of public and private preschool programs. Part C of IDEA provides funding for intervention services for infants and toddlers with disabilities. IDEA funding is provided through established formulas and the Massachusetts Department of Elementary and Secondary Education (ESE) has announced [awards by district](#).
4. **State Fiscal Stabilization Fund (SFSF):** This fund is a new, one-time appropriation intended to help stabilize state and local government budgets and minimize and/or avoid reductions in education and other essential public services.
  - **Education funds:** 81.8% of the funding is reserved for elementary, secondary and higher education and, *as applicable*, early education. Funding must first be spent on the restoration of foundation level funding for school districts. The US Department of Education has required that a portion of funds be reserved to supplement Chapter 70 in Fiscal Year 2011.
  - **Other governmental services:** The remaining 18.2% of funding must be used for education, public safety, and other government services at the discretion of the Governor. This may include assistance for early learning, elementary and secondary education, and higher education. In addition, states may use these funds for modernization, renovation, or repair of public school and public or private college facilities.
5. **Title I:** These funds are awarded to school districts to help low-income and at-risk students. Investments in early learning are an encouraged use of these funds as research has consistently shown that high-quality early education benefits at-risk students and prepares them for success in school and beyond.<sup>2</sup> An estimated 260,000 - 300,000 preschoolers are currently served by Title 1 money.<sup>3</sup> Potential one-time ARRA uses of Title 1 for pre-k include:
  - Teacher professional development;
  - Pk-3 alignment within districts;
  - Research-based curricula and classroom materials;
  - Developmentally appropriate assessment tools to monitor children's progress; and
  - Foundation investments in pk-12 data systems.

Governor Patrick and the Massachusetts Congressional Delegation have [announced](#) the Title 1 awards by district. Additional funding is available for Title 1 School Improvement Grants that target failing schools working toward Adequate Yearly Progress under No Child Left Behind. (*Note: this funding allocation is not included in the provided tables*).

## Competitive Grants

In addition to these five sources, ARRA includes funding through competitive grant processes. The following grants have implications for early education and care in Massachusetts. ARRA appropriations are shown in italics.

- **State Incentive Grants:** A fund to help states improve student achievement and invest in innovative practices that have been proven to work - *\$5 billion*.
- **Teacher Quality Partnership Grants:** Funding for local partnerships with higher education institutions with the goal of improving teacher qualifications - *\$100 million*.
- **Statewide Data Systems:** Grants to states to develop longitudinal education data systems for pre-k to college and career - *\$250 million*.

## Ensuring Accountability

Ensuring transparency and accountability is one of the guiding principals of ARRA. Each state must report how recovery funding is used to save jobs, avert tax increases, and improve the quality of programs and services. In addition, the Government Accountability Office (GAO) has chosen 16 states, including Massachusetts, to rigorously monitor and analyze state and local spending.

<sup>1</sup> Pre-k Now. (March 10, 2009). American Recovery and Reinvestment Act: Provisions Pertaining to Early Childhood Education.; Massachusetts Department of Elementary and Secondary Education. (March 30, 2009). The American Recovery and Reinvestment Act: Saving and creating jobs and reforming education.; Massachusetts Department of Early Education and Care (2009). ARRA 2009 updates. Available at: <http://www.eec.state.ma.us/ARRA.aspx>

<sup>2</sup> Reynolds, A. J., et al. (2001). Long-term Effects of an Early Childhood Intervention on Educational Achievement and Juvenile Arrest. *JAMA*, 285(18), 2339-2346.; Reynolds, A. J., et al. (2007). Effects of a School-Based, Early Childhood Intervention on Adult Health and Well-Being. *Archives of Pediatrics & Adolescent Medicine*, 161(8), 730-739.; Barnett, W. S. & Masse, L. N. (2007). Comparative benefit-cost analysis of the Abecedarian program and its policy implications. *Economics of Education Review*, 26, 113-125.

<sup>3</sup> Pre-k Now. (March 10, 2009). American Recovery and Reinvestment Act: Provisions Pertaining to Early Childhood Education.