

The funds under the SFSF, Title I, Part A and *IDEA*, Part B will be available in two stages. Funds from these very large programs are to be delivered by formula from the Department to the states. The Department will release 50 percent of Title I, Part A and 50 percent of *IDEA*, Part B funds before the end of March 2009, without requiring new state applications. Streamlined, user-friendly applications for the initial 67 percent of the SFSF will be available to governors by the end of March, and funds will be made available by the Department within two weeks after receipt of an approvable application. For these three categories of funds, we expect to make available the remainder of the funds during the period July 1 to Sept. 30, 2009, conditioned on states providing additional information. The guidelines for securing these funds will be available on our Web site at www.ed.gov.

- SFSF delivered to the state governors (\$48.6 billion)
 - \$39.8 billion is devoted to public early learning, K-12, and higher education. This amount must be distributed by formulae from the state to local education agencies and through a mechanism determined by the state to institutions of higher education.
 - \$8.8 billion is allocated to governors for education (including school modernization), public safety, or other government services.
- Title I, Part A (\$10 billion) to State educational agencies.
- *IDEA*, Part B (\$11.7 billion) to State educational agencies.

A minimum of 50 percent of the funds for the following programs will also be available by the end of March as soon as guidelines are issued:

- *IDEA* Part C (\$500 million).
- Vocational Rehabilitation State Grants (\$540 million).

For the following programs under \$500 million, all of the formula funds will be available by the end of March:

- Impact Aid Construction (\$100 million: only 40 percent will be distributed by formula; 60 percent will be distributed through competitive grants at a later date).
- Independent Living Services (\$140 million; only \$52.5 million will be distributed by formula; remaining \$87.5 will be distributed by competitive grants at a later date).
- Education for Homeless Youth (\$70 million).

For the following programs, funds will be made available beginning in fall 2009, and will be conditioned upon receipt of further information that will be outlined in future guidance:

- Title I School Improvement Grants (\$3 billion).
- Educational Technology State Grants (\$650 million).

The following funds will be made available beginning in fall 2009, based on the quality of the applications submitted through a competitive grant process. Guidelines for these funds will be posted shortly:

- Teacher Incentive Fund (\$200 million).
- Teacher Quality Enhancement (\$100 million).
- Statewide Data Systems (\$250 million).

Under the \$5 billion in SFSF reserved for the Secretary of Education to make competitive grants, the Department will conduct a national competition among states for a \$4.35 billion state

incentive "Race to the Top" fund to improve education quality and results statewide. The Race to the Top fund will help states drive substantial gains in student achievement by supporting states making dramatic progress on the four reform goals described above and effectively using other *ARRA* funds. \$650 million of the \$5 billion will be set aside in the "Invest in What Works and Innovation" fund and be available through a competition to districts and non-profit groups with a strong track record of results. Guidelines and applications for the competitive funds will be posted expeditiously. Race to the Top grants will be made in two rounds—fall 2009 and spring 2010).

In the coming months, the Department will also announce opportunities to compete for discretionary funds under non-*ARRA* programs. The priorities for these competitions will be aligned with the reform goals of the Race to the Top fund, and will recognize states and LEAs that optimize the use of the varied funding streams provided under *ARRA*. In addition, the Department will identify technical assistance resources to help states and localities effectively implement the most promising and evidence-based reforms using all relevant federal, state, and local resources. With federal funds available for R&D, the Department also hopes to work with schools to support rigorous testing of interventions that states and districts support with *ARRA* funds, to build the knowledge base about what works.

What must states do to receive SFSF, Title I, Part A and *IDEA*, Part B funds? States will receive initial Title I, Part A and *IDEA*, Part B funds under pre-existing applications. For the first round of state stabilization funds, governors must provide three things:

- Assurances that they are advancing the four reforms described in the statute and maintenance of effort;
- Baseline data on their current status in each of these areas; and
- Basic information on how the funds will be used.

The Department intends to provide governors with a streamlined, user-friendly initial SFSF application package.

For the second round of funds, state educational agencies (SEAs) must provide information regarding their ability to meet reporting requirements under the *ARRA* under Title I, Part A and *IDEA*, Part B. In the case of the SFSF, governors must provide plans outlining the state's plans and progress in the four reform areas described above. As part of its application for the second part of the SFSF, a state must describe how the state and its LEAs plan to use SFSF and other funding in a fiscally prudent way that substantially improves teaching and learning. Governors and chief state school officers should work closely with other state and local officials in the state to develop effective data reporting systems and plans that will meet the assurances required by SFSF.

Conclusion: This distribution strategy balances the need for speed and economic stimulus with the need for aggressive and effective education improvement and reform in order to drive our nation's long-term economic well-being. It provides significant resources quickly while giving states and local educational agencies time to carefully plan thoughtful use of funds. It seeks to align the use of the funds provided through SFSF, Title I, *IDEA* and state incentive grants, with the purposes of prudent investment under the *ARRA* and improving student achievement. Success will depend on the quality of leadership, judgment, coordination, and communication of all involved. It represents a historic opportunity to restore America's global leadership in education.