

Arkansas Department of Education Summit on the
American Recovery and Reinvestment Act of 2009
April 10, 2009
North Little Rock High School-East Campus
North Little Rock, Arkansas

Dr. Ken James:

Let me say to you this is a once in a life opp . . . lifetime opportunity for each and every one of us in education. We've never had this level of infusion of dollars coming into the K-12 system in the history of this country. Let me also tell you that I've had the pleasure to be at meetings with the President, with the Vice President, and the Secretary of Education, and let me stress to you emphatically their dedication to making this successful and making it work, but also to their diligence to ensure that this money is spent wisely. Each and every one of us need to clearly embrace that and understand that, because from the President on down, they have emphatically told the governors and they've told the state school chiefs, we will not hesitate to get on a plane and come to a location that is misusing these dollars. We need to keep that at the forefront of our decision making process. You need to keep that at the forefront. Because folks at the end of the day what we're going talk to you about here is how this money is going to flow, but to a great degree you have authority on how it's going to be spent, and when you make those decisions you need to do it through a variety of different filters that we're going go through today. We don't want to see anyone get caught up in an embarrassing situation. The Governor does not want to be caught up in an

embarrassing situation. We don't want that to happen to any school district in the state of Arkansas. The President and the Vice President told the state school chiefs that every advisor that they talk to about education told them not to put this level of resource into education. The reason being that we've not had a good track record in this business over time. They chose to go against all of that advice and put their faith in a system to do things in the best interest of the students that we're here to serve. They clearly understand that at the end of four years, they will be heavily measured by how these resources have been spent, utilized, and implemented across this country. They clearly understand that to the extent that they continue to verbally state that in a variety of different venues across this country. So each and every one of us have an enormous responsibility to make sure that we're doing what we need to do with these resources.

Let's go on to first slide. We're going to talk to you today about the Recovery Act. We're going to kick this off with a little snippet of a video which I think is a very good analogy of what we're all going to be charged with doing as we collectively work on this process together.

Video plays

Some people like to climb mountains. I like to build planes in the air.

(Music plays)

I grew wanting to be on a plane, wanting to be this high. Sometimes the temperature of an altitude will reach sixty below. It's crisp, it's refreshing. You never know what you're going to come across up here. Canadian Geese. Mallards. Owls. These people back

here, that's why I come to work that's why I build airplanes in the sky. We not just building a plane here we're building a dream. I love this job. I don't get a lot of thanks up here, but when I look over there and I see that little kid with a look in his eyes, that's all the thanks I need. EDS. Managing the complexities of a digital economy.

Dr. Ken James:

I hope you can hear that, but if you can't, if you could not because it was kind of hard to hear up here, but the bottom line is what that is about they're building a plane while it's flying in the air. To a great degree, as we talk about this stimulus package and a lot of the things we sometimes have to do in this business we are caught up in that same kind of environment as this thing continues to roll out. We're going give you today the best guidance that we have that's been given to us to date. We want you to clearly understand that this guidance will continue to revised and changed and we'll continue to provide that information for you. So let's go ahead and begin as we talk about this unprecedented opportunity that we have in education across this country. Remarkable amount of funding that presents an unprecedented opportunity for each and every one of us to improve student learning across this country, and folks you heard me say since I've been here and at the end of this month will be the end of five years. You've heard me say from day one, that at the end of the day with all the resources that we've had in K-12 education that have been put into this environment over the last five plus years. At the end of the day we're going to have demonstrate that we've improved student achievement. That's our measure. That's what we should be about is improving

student learning opportunities for the kids that we're here to serve. As we go to the next slide, the success of this recovery effort will depend upon each and every one of us having a shared commitment to move student learning to higher levels, but it will certainly depend on each and every one of you in this building in terms of your own specific leadership. I want you to ask yourself as we go through this process today, how you as a leader are going to be about showing how these increased funds will effect student achievement. In every position I've ever held - from the principal to the assistant superintendent to the superintendent and now this position - I've charged every faculty that I've lived with and worked with - and we all know we've spent that much time with people. As we look at our budget and as we look at putting our message into really what our priorities are by crafting that budget, we need to ask the simple question in our minds each and every day as we go through that process. How will the infusion of this resource impact student achievement over a period of time that we can measure and if we ask those kinds of questions, I've always thought we'll be making the right kind of decisions as we move this conversation forward for kids.

Secretary Duncan has said this Act will lay the foundation for how ESEA is reauthorized. And let me clearly state to you today that this administration is totally moving away from the moniker of No Child Left Behind in terms of the reference. You will continue hear ESEA, you will rarely hear No Child Left Behind, because they're no longer going to call this endeavor - once it gets to that point - by those terms. Not only that, but how will the investment of this money effect our chances of receiving any money from Congress in the future. That's a key point that they've all mentioned as

well. If we fail in this opportunity to be good stewards of these resources, when we go back in terms of reauthorization and the revamping of the budget if we mess up this opportunity, we need to clearly understand we will not have this opportunity again. They firmly believe that. They firmly espouse that across this country in the speeches that they are giving. Next slide please.

All of you know over the last few years that we have infused an enormous amount of dollars in K-12 education in this state. \$700 million from '04-'06 roughly has been added to the state's education budget. Look what we have done collectively. In Arkansas we've had a successful history of adding to this endeavor. Consider the infusion of money in the recent sessions. Arkansas educators were able to prove that with resources come significant results. Let's take a quick look at some of those recent results and these are slides most of you have seen before. Very quickly, the 2008 test scores and the first slide you have there is math. In the message was each one of these slides is this folks - is that you look at it over time every indicator is on an upward tick and if you take these slides all the way back to the year 2000 and earlier, and you've heard me say this before, when we first started this conversation in those early years, what was the percentage of kids that we had at proficient. It was in the teens. Look at where we are today. It's not an accident that we are where we are today. It's through dedication of these folks in this room and the teachers in your buildings and the resources that have been pulled together to make this happen. Significant professional development in literacy and math, continued focus on those endeavors, and really due diligence on everybody's part to get us to where we are. Is the journey over?

Absolutely not. Will it ever be over? Absolutely not. The journey will always continue. The charge has to always be that we improve each and every year and that we make student-learning opportunities better for the kids that we're here to serve. The message again is all areas that are showing improvement.

Let's quickly turn to the next slide and look at literacy, and you see the same kind of indicator. In literacy, every area has increased since '05 and between '07 and '08 the only area that did not increase - they stayed flat - was 7th grade literacy. But the bottom line is you see steady growth and you see this through our Benchmarks. You see this through the AP results that have happened over a period of time. So, as you look at every indicator that we've put before our community, we can proudly say we are improving learning opportunities for kids. And we can also proudly say folks that we do not have an easy test. Those of you that work on this on a regular basis know it. Several of you got upset with me right after I came here when I raised the cut scores on the 4th grade Benchmark. Some of the comments I got was we just learned how to play the game and you changed the rules. We dipped slightly the first year. What happened after the first year? It went right back up. High expectations for students and they can get there with the right kind of training, the right kind of support systems and the things we know work successfully for the benefit of all kids. Let go to the next slide as we look at the gap. Lot of conversation across this country about closing the achievement gap. We've had several pieces of legislation that were crafted this year that really focused on closing the achievement gap. I'm proud to say to you that Arkansas is beginning to narrow the gap. Are we where we need to be at this point and time? Is any state where

we need to be? Absolutely not. But we are in fact making progress and this slide demonstrates that. You can see in the areas of mathematics and literacy we have decline in the gap. We need to continue to work on that and as the result of legislation, your going continue to see a continued focus on those efforts as to what we do and how we really begin to address that particular problem in a much more focused fashion than we've had in the past.

Let's go to the next slide. I am only going show you one of these and these are slides from the Education Trust. A lot of you know and some of you might have been in attendance that we've had Katie Haycock here earlier when we were talking about the Remediation Task Force. The Education Trust does not put out a lot of good accolades unless they're deserved. The Education Trust has a reputation of being very candid in telling things as they are, which they need to do. But the beauty, as we look at what Arkansas has been able to do in NAEP on scale scores and there are about five slides that we use and we're only going show you one today, but the message is this - look at where Arkansas is. From 2000 to 2007 on NAEP, the biggest increase in scale score gains, that's again indicative of the hard work that goes on on a daily basis across this state in classrooms and the focused efforts that have been in place over the last number of years, and you'll see those state at the top there and those are pretty regular states that perform well in a variety of different measures. You all know Massachusetts has been the leader in education reform for a number of years and to see that we have made more scale score gains than the state of Massachusetts, again, is a clear indication of your hard work and the focused efforts that have gone on in the

classrooms in Arkansas. Something that we need to be very, very proud of and I hope that you are. As you look at the national average it was 15, our scale score gains was 22. As you look at the range, it went from 9 to 22, with Arkansas being the highest.

Let's go to the next slide. What does all this mean for each and every one of us in this endeavor? With this foundation, Arkansas is in the perfect position to build on our tradition of excellence and use these stimulus funds to accelerate our already nationally recognized increase in student achievement. No doubt we can achieve the goals that Secretary Duncan and President Obama have set out for us. They have, in essence, challenged all states to continue to raise the bar. Now we will view a brief excerpt from President Obama's congressional address. Give them a moment to pull that up and go through the sequence.

Video plays

President Obama speaking: The most valuable skill you can sell is your knowledge. A good education is no longer just a pathway to opportunity it is a prerequisite. Right now three quarters of the fastest growing occupations require more than a high school diploma and yet just over half of our citizens have that level of education. We have one of the highest high school dropout rates of any industrialized nation and half of the students who begin college never finish. This is a prescription for economic decline because we know the countries who out teach us today will out compete us tomorrow. That is why it will be the goal of this administration to ensure that every child has access

to a complete and competitive education. From the day they are born to the day they begin a career.

Let me say to in that message, that that clearly mirrors what our Governor continues to say across the state. You've all heard him say - because pretty much in every speech that he makes - he talks about his two pillars of strength for this state to become better. Those two pillars are education and economic development and the fact that they cannot be separated. And that if we're going continue to grow our state and enable our state to be all that she can be, we have to make sure we have an educated workforce. Across 75 counties. Across 75 counties. We have to make sure that that is in place. Because every Arkansan has the right to attain his or her potential through this educational enterprise and it's incumbent upon each and every one of us in this room to make sure we are doing our best to ensure that to happen. I hope you picked up on the words that the President used when he said "*if the other countries out educate us they're going to out compete us.*" We have to clearly understand we have a ways to go and a variety of different measure in this state. Eighteen point two or 18.3% of college graduates does not position Arkansas to be competitive in a global economy. The leading countries in this world have 55% of their populations with baccalaureate degrees. Eighteen point three to 55 is a big leap. That's not going happen in a short period of time. But what we need to clearly understand is that we have to raise 18.2 or 18.3% if we hope that our state is going be that competitor in this global market place. You've heard me say many times before business does not recognize borders. Business comes to where the talent pool is. If we have the talent pool, they will come.

If we do not, they will not. They have to thrive. They have to have a workforce that's going to position them to be in the global marketplace. It's incumbent upon each and every one of us in this room to continue to promote that environment. As the Governor staged his Economic Summit this past fall, the charge was very clear: Where is the skin in the game from each and every one of our counties to raise this bar to ensure that we have a populous that is going to continue to grow Arkansas? That is essential for our well being as a state. It is something that the Governor holds dear to his heart and that he continues to talk about on a regular basis across this state.

I'm going to stop for a minute. Chris Masingill has come in from the Governor's office. Chris, I'm going to ask you to come up if you will now and provide some remarks from the Governor's Office, and then after Chris is finished, we will go ahead and resume with our PowerPoint. Please join me in welcoming Chris Masingill from the Governor's Recovery Office.

Applause

Chris Masingill:

Good morning. Let me say first of all, Dr. James, thank you very much for putting this information together. It is very detailed. It is very on point and what we're trying to accomplish is incredibly important. I'd also like to tell you from the Governor, thank you. Thank you for taking time to be here today and also thank you for taking this job so seriously. Dr. James mentioned something in the beginning part of his comments about

the United States, the people, Arkansans are looking at government in way that they never have before about can they do something right this time. We've been given an unprecedented opportunity with the resources that are being distributed across the country, even in Arkansas, we have an opportunity to show our people that government can do something right. The Governor believes that. He is taking it very seriously and we're trying to do everything we can to make sure that you all have the support structure, the information that you need to be successful. The Governor's also said that these resources are the kind of resources that people are going be watching more than they have ever before. The amount of scrutiny - public scrutiny - that is on this program is unlike anything that we've seen. We've tried to do a couple of things to show Arkansans that we're doing what's right. We've created our Web site - [arkansasrecovery](http://arkansasrecovery.com) . I'm sure many of you all have been on there. We've created a Governor's Recovery Cabinet that Dr. James and his staff are a part of. I see Paul Lothian and Ricky Quattlebaum from DF and A. They are leading the DF and A Review Team to make sure that we - even on the front end - prevent things from happening to make sure you have the kind of information and resources that you need across the board. Things are different with these resources. We have to report things a little bit differently. We have to report things in more detail than we ever have before in some cases, but here's the beauty about where you all sit. You all are use to doing that. You guys have been- and gals - you all have been good stewards of the taxpayer's dollars for a long time. We know that when you all receive these resources that we're going have things to stand up and say look what we're doing with them and don't be surprised if we come visit you. In fact, if you've got a good idea or you've got a good project that

you're working on, please let Dr. James and his folks know because we want to come see you. And I would probably bet, we'll probably come to see many of you all out there in the course of the next couple of years as we implement the Recovery dollars. We want good projects. We want Arkansas to be an example across the state about how we've implemented the Recovery. And part of my responsibility as the state's Implementation Officer is to make sure we do it right, and we can't do it without you and we certainly can't do it without the leadership of Dr. James and his staff. And this is actually the first step to make sure we're doing it right. States are looking at Arkansas because we've stepped out there on several fronts with the kind of information that we're providing, with the way we're even doing our transparency and our website. We've had great comments about how we're providing information. It's going to be a little complicated. Sometimes there's not going to be enough information that we wished that we had. We're kind of learning as we go on some of these things. But, I promise you that we will try to give you the information you need to be successful. But here's the one thing the Governor asked me to make sure I say before I left today. Please make sure when you're implementing these resources that you are asking the questions that need to be asked and you are investing these resources in opportunities to grow Arkansas. Don't waste them away. We will be watching. We want to be a partner with you in this, and at the end of the day, we're going to be very thankful that we've had these resources. This is a wonderful opportunity for us. And we only have one shot and one shot only. Thank you all very much for being here. Dr. James, I appreciate your work that you're doing today and thanks for giving me the opportunity. You all have a great day. I'm going to be with you a little while longer, but feel free to call

us anytime you want. You all have great resources to reach out to with Dr. James and his people and thank you again for being here.

Applause

Dr. Ken James:

Thank you Chris for taking time to be with us today, and Chris has an enormous task on his plate with overseeing all the state agency work with respect to the stimulus and let me tell you we have weekly meetings that are set aside on the calendar just to talk about this specific topic. We will be setting up various means within the agency, as well in terms of review processes, to expedite this process as best we can to make sure you're getting what you need on regular basis.

Let's go ahead and go with our next slide, and balancing speed and stimulus and making sure that we have good, careful planning that's going on to make sure that we have effective reforms in this endeavor. Both President Obama and Secretary Duncan have said very plainly that they will hold SEAs accountable. That's us. Let me say to you candidly, also from our perspective, we're going to be held accountable as SEAs - , state education agencies - excuse me - but there's very little control that state agencies have over this process. And that's one of the issues that collectively all of us are going have to work on. I have no trouble at all being held accountable for anything and everything that we do. But it's one thing to be held accountable and it's another thing when you don't have a lot of teeth in the accountability piece. You all know that from

your own perspective sometimes. So that's one of the things we're going to have to collectively work on, because we're going to be charged with a wise use of these funds that lead to increased – again - student achievement. I expect that you will assist me in this process and work diligently hand-in-hand with us, because folks, we will not be able to do it without you. We're going to be charged with being the folks that make sure that all of this is reported accurately and that it's done in a timely fashion. And we're going to expect that to happen because it's going to be expected from us and the Governor's Office as well as from the Secretary, the Vice President's Office. The Vice President is the one that has been charged to oversee this entire stimulus process at the federal level. And let me tell you, when we met with him, he was very emphatic and those of you that have seen Vice President Biden and some ways that he comments about things on a regular basis, he is very emphatic about his due diligence with respect to the stimulus and he's not going to hesitate to be tough and difficult if he needs to do that.

You have - that's been distributed to you bright green copies, excuse me - you have two statements from Secretary Duncan. It's found in *Education Week* - the latest edition. He stated that if states are doing things that are not in the best interest of children, they're just very simply going to disqualify themselves and take themselves out of running for billions of dollars. I'll talk more about that later, but understand folks that we're going to get the first portion of this money - the stabilization and the second portion of this money is going to be predicated on how well we have used the first portion. Not only Arkansas, but every other state. So if it's not being done wisely, then we run the risk of not having the second flow of resources come to our state. None of you want to

be in that environment. I don't want to be in that environment. The Governor definitely does not want to be in that environment. So we have to make sure again and you're going hear me beat this to death today and forever. We have to be good stewards of these resources. Short of that, we take ourselves out of the loop in the future. His second statement was also in the form of a warning. *We are putting out billions of dollars, we're also holding back billions of dollars. If we see states doing things that don't make sense and aren't in the spirit of what this stimulus aid is all about, they will put themselves in jeopardy of not receiving the second flow of resource.* And again folks, let me emphasize we don't want to be a state that is caught up in that kind of situation.

Let's go on to the next slide. We have developed this guidance over a period of time - as I've indicated to you before - based upon the best information that we continue to get from the U.S. Department of Education. It's designed to assist you as LEAs to achieve that balance between speed and effective reform. Not only does the federal administration want you to plan effectively, Governor Beebe and I expect that you will do so as well. This guidance is found on the DVD that you will all receive that will be given to each LEA and will be available also on the Arkansas Recovery Web site that can be accessed from our own ADE homepage sometime next week. This guidance will be updated as needed as we receive additional information from the federal government. The date at the bottom of the document will reflect the most recent revision to the guidance, so that's what you need to look for.

Now let's take a look at the funding pieces and get down to the nitty gritty. In our first round of the Recovery Act funding, the first round will flow to states in three separate categories or I like to refer to them as three buckets - Title I, IDEA, and the State Fiscal Stabilization Fund. Now let's look at how these individual buckets will unfold. First one is Title I – A, and again 50% will begin to flow of the \$111.1 million will be available this spring/summer and the remainder will be available in the fall. We will talk about cash flow and reporting mechanisms later in this presentation. Please note that in your guidance that you originally received it referred to \$142.6 million for Title I. That reflects \$31.5 million that Arkansas is expected to receive in Title I School Improvement money. So, that's the difference between the \$142.6 million and the \$111.1 million. The formula funds Arkansas will receive is the \$111.1 million. All of the Title I funds will be distributed to LEAs using current formula for Title I. LEAs may use this money only to invest in those items or programs already approved as Title I Part A expenditures. Those of you who work in that world on a regular basis clearly understand what we are referring to. All rules and regulations that currently apply to Title I will continue to apply to Title I. As you know, Title I Part A funds are dedicated to improving the academic achievement of students and looking at ways and efforts to close the achievement gap. The Title I supplement versus supplant requirements apply to all of these funds. Let's go to the second. This is IDEA Part B. 50% of the \$117.7 million of the IDEA funds will also be available this spring/summer and the remainder of it will be available in the fall. All of the IDEA funds will be distributed to LEAs using the current formula for IDEA. LEAs may use this money only to invest in those programs or items already approved as IDEA Part B expenditures and those of you who live in that world clearly

understand what that means. All rules and regulations continue to apply including the supplement not supplant provision. IDEA Part B funds should be used to provide special education and related services to students with disabilities.

Let's go to the third pot of funds, which is where really you have the most flexibility.

Third pot of these funds is dedication to education. 81.2% of the state's Fiscal Stabilization Fund. These monies will be distributed on the basis of Title I formula but can be invested in any expense authorized in the following areas: ESEA, IDEA, Perkins, and Adult and Family Literacy Act. Funds can also be used for, and this is a change most recently, new construction, modernization, renovation, and repair. The last three were always part of that conversation. The new construction piece is a new addition. I have to say to you though that the new construction piece, you have to understand we'll give you the dates later, all have to be completed by set dates. So depending upon again how large your new construction project is and if you can get it done within that window of time, it's permissible. If you can't, it's going to be a problem. The Governor must apply for 67% of these funds. In order for the state to receive the remaining 33% of the funds, Arkansas must show evidence of how these funds meet the intent of the four goals that we will cover in a few moments. The agency will be expecting this evidence from you - the LEAs. All three pots of money will receive attention not only from the federal government but the public as well.

The stabilization funds, you need to clearly understand, will receive the highest degree of scrutiny and folks all it will take most probably is someone in your community, in your

county, or in your region registering a complaint on the federal website that you are misappropriating these funds and you will have a visit that you don't want to have. Not from us, but from the federal level along with our agency I'm sure. Part of this in the stabilization really doesn't affect you totally but I want to put it on your plate so you'll understand. We have not had any cuts to the K-12 education budget, as you well know we continue to have infusion of dollars. We're one of only 7 states in this country to be in that situation. The majority of my colleagues around this country are having massive budget cuts translating into massive layoffs of teachers. You've probably heard that South Carolina's governor has turned down the stabilization funds at this point and that is a hot topic in South Carolina - needless to say - because they are laying off massive numbers of teachers. But you can look at all the other states, minus those 7, and you're seeing these kinds of things take place. We need to be very, very proud that we are not in that environment, and that we're not having to cut, and that we're not having to use those funds to do these types of things because most of my colleagues are.

The other piece to this conversation is that higher education has had a reduction. So, off the top of the stabilization funds will come a pot of money to restore those cuts over a three-year period of time. That number is looking at around \$22 million and change at this point in time that will come off the top of the Stabilization Funds. Now, the Governor's pot, the 18.2%, is in his purview as to how he decides to use that across the state and in a variety of different venues and that is in his purview and he will exercise to use those funds in a variety of different ways.

Now let's look at the timeline before us. By the end of March, and we are already there, applications for the 67% of the \$443 billion, that's engaged there, will be available. The Governor's Recovery Office is currently working on the application needed to receive the stabilization funds. This application should be complete within the next couple of weeks. U.S Department of Education has said that they will release 67% of the funds to states within two weeks of receiving the application. 50% again of Title I and 50% of IDEA will be available to LEAs through the Cash Management System - which we will talk about in more detail later - after the ADE has reviewed the LEAs expenditure plan and we'll talk about that a little bit later.

Let's go to the next slide - again in terms of continuing with the timeline and you get into summer through the fall. The timeline for the release for the remainder of those funds, 33%, will be at the end of summer or the beginning of the fall. There's one other piece up there about School Lunch Equipment Grants. Several of you have talked to me and have mentioned in e-mails about what's this all about and when is it going to be available. Wanda Shockey is actively involved in this and will be attending a meeting here shortly - I think next week - to get some further details about the School Equipment Grants that is pertaining to School Lunch. More information on this program will be coming to you at a later point in time once we get further guidance, but that will be again at a later point in time and we'll keep you posted.

Let's look now at the key principles or the essential elements of this Recovery Act. Four areas. Spending funds quickly to save and create jobs, improving student achievement - which we've talked about extensively and we'll continue to talk about. Ensuring transparency, reporting and accountability. Investing one-time funds thoughtfully to minimize the spending cliff - we'll talk about that a little bit later. Our guidance directly reflects the guidance that's coming to you or coming to us from the U.S Department of Education and it succinctly talks about the overriding principles that you have before you in your PowerPoint. This money disappears after two years. That gets into the funding cliff scenario and the message again folks - you do not, you do not want to invest in anything in your district that's going to require and tie you down to an ongoing commitment. It's like any other kind of one time funds use as one-time capital. The Governor continues to talk about that phrase, one time capital. Use this to do things that you will not be able to do otherwise. Does it mean you cannot put it into staff? It does not mean that. What it does mean though, that if you are going to hire some people in this endeavor, you need to be looking at it through the lens that it's not going to be an ongoing commitment to those staff unless you're going find the other resources to be able to do that after this money is gone. The flip side of that is that if you do put it into staff, and you have those people on board and the money goes away, which we expect it to do then, you're going have to make the choice of laying off those people and making those hard decisions at that point in time or finding resources or other places to be able to take care of them.

What are the filters that surround this Recovery Act? Let's move to that and you got that up there. The first filter, and we strongly suggest to you as LEAs to use this process as you go through your planning and as you look at how you're going to expend this. The investments must make it through the 4 filters. The first filter. Will it invest in the economy? You've all heard that from the get-go. Several of you heard me say that one of the big pockets originally in this entire conversation focused on construction. A big, big pocket of money and then that was zeroed out. A lot of conversation about that was one area that really could have impacted the economy. Why was that zeroed out? That's why I now think you see it coming back in the avenue of new construction and those endeavors, but the bottom line is the first filter. Will it invest in the economy? The next filter. Is it a one-time, short-term no longer than two-year investment with long-term benefits? That's the second filter that you need to put to the test as you go through your planning and your exercise to see how you're going use this money. The next filter. Is the expenditure allowable under the funding mechanisms that have been outlined for you today? Title I, IDEA, and state stabilization. The last filter. Will the program, activity, or idea proposed lead to improved student academic achievement? If you're going build a parking lot, which you can do, how are you going tie that back through the filter of student achievement? That's a question you're going have to answer. I'm not saying you can't answer it, but I'm also saying to you very candidly folks, if you're going build a parking lot, you're going take those kinds of steps to make those kinds of improvements, let me suggest you also make the parking lot big enough to handle the satellite TV trucks from CNN and everybody that comes in that might want to talk to you about it. And I say that somewhat tongue and cheek, but I say it also as a

caution. I would suggest that versus a parking lot that you look at another way to pay for the parking lot. You know we have a tendency in this business to do some things sometimes to get ourselves in trouble, let's not do that here. Let's use these filters, let's use these guidelines to make sure we keep you out of the front page, that we keep your district off the front page and that we don't have the satellite trucks rolling in somewhere to hook it up and show what you're doing. You don't need that. You don't want that. There is no need for you to get in that conversation in my opinion. And I'm not saying at all that you may not need a parking lot or that you may not need to make those kinds of improvements. What I'm saying to you is be careful. Because I would suggest to you at some point in time someone might question that expenditure and that's all it's going to take so you need to be careful.

Let's take a moment now and look at a rubric that we've put together for you as a guide. We've tried to come up with some things here folks to make this be a viable process that you can use in your community and let me stress that point to you as well. Do not make the mistake of doing this in isolation. You need to involve people in your community, in your school system. Going back to the parking lot. If you've got everybody in your community and everybody on board saying this is definitely something we've got to do. I'm not saying you won't be questioned about it by anybody in your community and elsewhere, but if you got everybody that's bought into that process and indicating to you very vocally this is what we need to do. You're much better positioned than if you do this in isolation that I'm going to do a parking lot. That's what I'm trying to say to you. And you need to build consensus around this money in my opinion

and I think it would be wise for each and everyone of you that - 'because short of that folks again as we sometimes do in this business - if we do things in isolation and we make those kinds of decisions then we're standing out there alone trying to defend it. Involve people in your community in this discussion. Have them at the table as you talk about the important things that you're going to be doing in your district. Once you've been able to answer yes to each of the four preceding questions, filters that I just went through, then it must fit into this rubric based upon the four goals outlined by the U.S Department of Education guidance. Keep in mind this is what the state will be judged on to receive the remainder of the 33% funds. If we can't demonstrate that - again - we put our state in jeopardy of not having those additional funds. I encourage you to think outside of that proverbial box that we talk about in education as you make these decisions. Don't just do business as usual when you have an enormous opportunity here to make some extremely profound decisions to change what we're doing in education. That's how we're going to be judged. One of the criticisms that we always have in education across this country as a profession is that give them more money and they're going to continue to do the same things that they've always done and expect a much different result. You've heard that in your career. I've heard it until I'm sick of it. But it's one of the perceptions folks that is out there across this country, and let me emphatically state to you, it is very prevalent on the hill in Washington, D.C. They do not trust us in this business to do what we need to do. I've been up there and testified many times in the last five years and that's the constant thing that we continue to hear. You have not demonstrated that you can handle this level of responsibility as a profession. Let's show them collectively, let's let Arkansas be the example that we can

think outside of the box and we can utilize these resources to do some different things. The Secretary has traveled this country over the last few months talking about doing different things with this money. He's talked about after school programs, he's talked about summer programs, he's talked about extending the day, he's talked about extending the year, he's talked about paying teachers differently. A myriad of a variety of things that often times we do not have the luxury to do. You now have that opportunity, so collectively with your communities, let's maximize this opportunity. Let's not continue to do the same things we've always done and expect a much different result without changing the paradigm of that conversation. We cannot do that and expect that we're going to have different results. Let's be creative, innovative, all of those words that you continue to hear but let's put them into practice. Let's not just verbalize them. Let's put them into something we can tangibly touch and demonstrate, feel and show at the end of the day.

Let's now look at each one of the goals as we continue to go through this process. The first goal is about making progress toward rigorous college and career ready standards. I am very proud to say to you that Arkansas is one of the few states in this conversation that is now a part of the Achieve Work on the Career and College Readiness Policy Institute. We're one of eight states that were selected to go into Phase II. Why were we selected? It's because of the work that we did in Phase I. You all know, I hope, that our standards have been blessed - English, language, arts, and math- by the Achieved Inc. Group and by the American Diploma Project as meeting college and career readiness standards. That positions us very nicely for things to come with some other grant

money down the road that I'll talk about later that's not apart of these three buckets. We are very fortunate to be in that conversation and we're leading a great deal of that conversation. I hope you are as pleased about that as we are. We need to look very, very seriously at how many graduates are going on to college and careers. \$54 million dollars of this state on remediation. You all know that we released a Grade Inflation Study that for the first time now is tied to our Benchmark Examinations. Indicating that if you're getting an A and B in you're class and you're not proficient on your Benchmarks then you've got a disconnect. Trust me that will continue to get a lot of conversation in this state as we continue to go down this path. So it's incumbent upon each and every one of us, as we work collectively and in harmony with one another, to look at this remediation rate and make sure that the kids we're sending on to college and the careers are ready to do the work. You've heard me talk about, and I'm going birdwalk a little bit about Smart Core and how important I think that is. Let me also say to you very, very succinctly, just having the Smart Core in place and having everybody take it does not translate into the Smart Core being delivered across 75 counties in every classroom to the extent that it needs to be delivered. Just having the subject matter available and the courses available does not mean that every youngster is getting the level of rigor that they need to be ready. That's the other part and the other vital part of that conversation. How can these funds be used to help our populations most in need of support to move to that next level of success?

Let's look at goal number two. Data-driven programs or processes to track progress and foster continuous use for our students. This is about establishing Pre-K to college

career ready data systems that track progress and fosters that continuous improvement. I'm very proud to tell you and I hope you're as well is that we were one of the first states to have all four, all ten excuse me, of the data elements that were essential for the National Quality Data System. We have been so recognized. We got one of the first Data Quality Grants that enabled us to do this under the guidance and direction of Jim Boardman and his folks. Proud to tell you that we also were fortunate to get a second grant to begin to tie these systems together, pre-K all the way through college to make sure that we can track students. One of the other very, very robust conversations going on around this country is given the mobile population that we have in this country how are we going track students that go across state lines? We can't do that very effectively right now. That's another continuous conversation that will continue to go on in this country as we go down this path. What can you do in your school system to make sure that data driven decisions are at the forefront of what you do. I know many of you engage in this right now but we need to have it in place in every one of our school districts. What training needs to occur in your school system? How can you use these funds to bring about that training, to get to that point that you need to be. What processes in your district need to be in place to make this happen? For example in this state we've talked about formative assessment over time. We've had a conversation and a very different conversation really about what formative assessment is. Many of you were engaged in a part of a conversation we had with Margaret Harrick from UCLA who is one of the gurus of formative assessment across this country. Chunk test and formative assessment are not the same things. We've confused that in the state, in my opinion, for a while. They're two different things. They both are very powerful if used in

a proper way, but true formative assessment is that teacher in the classroom making those assessments of that student learning on a regular and ongoing basis and making programmatic improvements and structural strategies on the spot to be able to correct that student's learning opportunities - that's true formative assessment. We're going be apart of that conversation as we continue to move forward and make sure that we have a true formative assessment system in place and that will be one of our priorities as we continue to move forward.

Let's move to teacher effectiveness, something that we all know clearly and that you all know from your time in the business. The most effective thing we can do is have an effective classroom teacher before the students that they're there to serve and most often in our highest need, highest priority classroom we have the least trained teachers. We put teachers in there often times that are right out of school. Often times, and you probably have heard me say this over the last five years, we have this process in place to where new teachers are coming out especially in larger systems to where often times the opening is in a school to where other teachers have transferred out because they don't want to be there because the work is hard or they have been burnt out or etcetera, whatever you want to insert there. We have a phenomenon with our students that are in the greatest needs that often times they have the highest turnover of teachers, they have the highest turnover of principals, and these are the students that need the most continuity in their lives. We have not done a good job in my opinion in this business of ensuring that we're putting the best teacher every time in front of those students that need it the most. Let's look at what we can do with some of these resources to enable

that happen. That's one thing you can collectively do in your school system to talk about that. I was a high school principal for a number of years and I loved it. Loved the excitement about being close to those kids, all the excitement that permeates a high school campus. I started out in a junior high. I could take four year of that and the hormones were just too much and I had to get out of there. For those of you in a junior high setting or middle school clearly understand what I am talking about - when the wind blows things change right? But in my travels and in my experiences as a high school principal and an assistant principal for a number of years before getting to that role, I loved to work on the master's schedule. It was a phenomenal puzzle and an opportunity to do some things that we needed to do in the system. But I also found in that experience that often times, too many times, the master schedule is driven by home. Is it driven by student needs or is it driven by staff needs? My experience in a large system in California was that - to a great degree - it was driven by staff needs. People that had last period prep for fifteen years, and so, by George, that was their God-given right - that they were going have last period prep until they retired. And I'm saying things to you that you live and that you know. We have the power - you have the power - to change that. The master schedule should be driven by student needs not by staff needs. Those are tough decisions for you to make as a leader but as you've heard and as I've heard that why you make the big bucks. You've got to make the decision. You've got to lead, and often times, it's much easier to let things just go as they've always been and have everybody have the same prep that they need or that they've always had for fifteen years. You have an opportunity again and you have it each and every year not just because of stimulus. Think outside of that. Let's have the master

schedule driven by what we need to do for kids - not for staff. And I challenge you to do that. The U.S. Department is asking you to closely review how you are evaluating your teachers and if in some way you are tying that evaluation to student outcomes or performance. The Secretary continues to talk about that and will continue to talk about it. He did that in Chicago during his tenure there. So, he's going continue to talk about it. I've had the opportunity to be with him on several occasions thus far, and I want to tell you right upfront that we are very impressed. State school chiefs that have met with him on many occasions and in smaller groups that I've been apart of - we are very impressed with this man's leadership, with his desire to improve things for kids and most importantly, let me emphasize to you, his willingness to listen and work with practitioners in the field. That has been a missing component at the federal level. He will listen. He will roll up his sleeves, and he will work with you, if you're willing to work and get to higher levels of conversation and student learning. We need to celebrate that, we need to take advantage of that, and we need to build on that now that we have that opportunity.

Let's move to the last one. Intensive support and effective interventions. This can be and probably will be the hardest goal because the U.S Department is asking every state to get serious about assisting schools that have been chronically underperforming - chronically underperforming. This is going be a high topic of interest for this administration and for the Secretary and his staff. We hope that with your help and your assistance the Arkansas Smart Accountability piece will help in this endeavor as we continue to roll this out. Let me say to you and you're going hear a lot more about this

this afternoon and I don't want to take that thunder. This is not about being another hammer on school districts from our prospective. This is about the state department being able to provide the kinds of intensive help that we've not been able to do in the past for those schools - again - that have been chronically under performing for a number of years. That's the intent of this process and this plan, and I want you to fully embrace that and understand that this was not entered in to as another hammer and another labeling device. It was meant to get us to a better level and from a state department standpoint, very selfishly for us, to be able to target our resources and our assistance in a more profound way than we've ever been able to before. Working with teams, working with co-ops, working with those folks that can help us get to where we need to be. This goal is about providing intensive support and effective interventions for the lowest performing schools in our state and across this country and this is very close to the Secretary's heart because this is really all about the work that he was engaged in in the Chicago public schools over a period of time.

Let's take a look at this rubric and give you a quick example. If you look at this and you look at the column under teacher effectiveness and you go down to the state stabilization funds you will see that we've put in an example there for you and it's only that. I'm not telling you to do this. I can't tell you to do this. I have no authority to tell you to do this. This is your money, but we are going provide some suggestions for you and as you're looking at what you might be able to do, we tried to come up with a few examples for you. Under teacher effectiveness pay for middle school math teachers to receive Algebra I endorsement. You all know that we've had a serious issue with having

enough people properly trained and certified to deliver the level of instruction and rigor that is needed in these courses. This might be a way for you to look at being able to do that particular thing. The key thing we want to say if the ideas you come up do not fit in one of these cells, you might want to rethink that. You might want to see what you can come up with that might fit in one of these cells to address these four areas. Let's look at an example of one idea that works and we're going to take that through what we just talked about. Going to ask you to use those filters again. That's your decision tree. That's your process that you need to use as we go through this particular process. The investment must make through these following four filters. Will it invest in the economy? The example we gave to you, yes because we're investing in courses, we're investing in staff, we're investing in teachers. Is it a one-time short term no longer than two year investment with a long-term benefit? Yes we feel that would be, because the PD should always be about leading to long-term benefits and it's a one time expense. Is the expenditure allowable under the following mechanism? Title I, IDEA, Stabilization, Yes. Will the program or activity or item proposed lead to improved student academic achievement? We know very, very candidly that we need more qualified teachers at the middle school level that can effectively deliver the level of rigor that's necessary and required by students completing an Algebra I course. So yes. The investment of the resource should lead if done effectively and properly to increases in student achievement.

Let's look at another example. Let's look under the first area of college and career readiness. Again, looking under stabilization. Purchasing of unattached equipment

across the entire curriculum. We take you back, when we went through the facilities study. Those of you that were involved in that process you know that we talked a lot about at the state level. We were charged by the legislature of having our curriculum folks look at a list of equipment that districts would need to be able to deliver those SLEs that you have to deliver. That was in 2006, we put together that equipment and supply list, and that is on the Web site, under curriculum, if you haven't looked at it. Access that. See what that has to say. We recommend that the LEAs review this list as you continue to determine the best use of these resources and that it might be a valuable way for you to utilize these resources in an effective way.

Let's go through again those four filters. Will it invest in the economy? Yes, because it puts people to work who make and sell those items related to that equipment. As long, excuse me, as well as the long term effect on students having what they need to learn in their classroom. Is it one-time, short-term? Yes, One time purchase for equipment that can have a lifespan of several years. Is the expenditure allowable? Yes. Will the program activity proposed lead to increased student achievement? Yes, because equipment on this list has been identified by the ADE curriculum specialists as necessary to teach the SLEs and the Arkansas frameworks.

Now, let's turn to the most popular topic and the one that received, out of 26 questions, 25 questions – construction. I'm just kidding . . . it wasn't quite that bad. But there were several questions about construction. Excuse me a second.

We want you to keep in mind that this Recovery Act was not intended to be a facilities bill. Doesn't mean that you can't use it for that. But that was not the intent of the Recovery Act. Ninety percent of what we are hearing from schools right now is how they want to use the money for facility improvements versus anything related to student achievement. Such as parking lots. Those of you that know me and have known me for a number of years, know that my focus is student achievement. Always has been. Always will be. Doesn't mean that you can't do a parking lot. And I'll continue to say that, but I want you to exercise caution in doing that. Although, as I have indicated, that's a technical, allowable use of these resources, we are asking you again, to think outside of the box. If you want to use this money for facilities think about how you can turn them into high performing schools and facilities that will lead to high performing students, and we think there are ways that you can do that with your facility construction as well. Several of you already do that. Secretary Duncan has said on multiple occasions every dollar state's spend must help improve learning. He also stated recently that the U. S. Department will be looking very carefully at what states and districts are doing with all of these funds. If they are not spending the bulk of these dollars in the classroom as the law intends, the second round of stabilization funds could be in jeopardy for that state. And they could eliminate the state from the competitive grant money which will continue to flow. Very powerful statements coming from the person that will approve later elements of this money. We need to pay attention, very good attention, in my opinion, to this firm guidance that's being handed down by the Secretary. I'm convinced he means what he has said. He has told us, the

President has told us, as state school chiefs they will not hesitate to get on a plane and come and call somebody out, whether it's the governor, whether it's the state school chief, whether it's the superintendent – whatever the case happens to be that they will not hesitate to do that. I firmly believe that, and I will go out on a limb and predict to you that you will see that happen across this country somewhere someplace. Let's not let Arkansas be one of those places that are showcased in that kind of a venue.

Now, let's look at some facility guidance. Is it educationally appropriate? Is it neighborhood friendly? Is it environmentally sound? What is the long-term impact? Just remember to not throw this good money towards bad projects, such as band-aid repairs. There other ways that you can do band aid repairs. I think you can use this money much wiser than using it in this fashion. Again, to coin the governor's phrase, this is one time capital that we have been blessed with. Let's use it for things that we would otherwise not been able to do that are good, prudent efforts to improve the outcomes of the students that we have in this state.

As you know, this act has building green all over it. As you're looking at these kind of endeavors, make sure you engage in that conversation. Those are things that you can do, and do very easily, that will be well received and that you will not have issues with.

Let's look at a few examples and some key dates. In your guidance, Appendix B, is your document with respect to facilities. LEAs should use facility enhancements to support academic initiatives under the stabilization funds. You notice we say should.

For example, repairing a ramp for a wheelchair access would be an approved expense. An unapproved expense would be repairs on athletic facilities. Let's not go there please. Save yourself some trouble.

For renovation, an approved expense would be projects that provide for the safety and security of the building and its occupants. An unauthorized renovation would be any renovation of a administrative building where students are not involved academically.

An example of a modernization expense would be an energy project that upgrades systems, reduces future operating costs. And, again, funds cannot be used for non-academic facilities. Keep in mind, here's the key dates that you need to make sure you're aware of. All projects – you must obligate your funds by September 30, 2011, and all funds must be liquidated by December 29, 2011. When you think large-scale construction projects, you must consider and pass through the filter whether this can be completed – this large project – your new construction – in this timeframe. If it can't, you've got a problem. That needs to be your benchmark and your barometer. Obligate funds again September 30, 2011, liquidate funds by December 29, 2011. No waivers. No exceptions. No do overs. That's in the law. That will be adhered to.

Let's go on to the next page. Examples of facilities investments that support academics include look at modernizing academic spaces, the retrofit of laboratories. We still have serious issues in this state, in my opinion, even with Lakeview, that we do not have the kinds of laboratory equipment that we need in some of our facilities for our kids to take

advantage of. That was one of the tenants of Lakeview as it was handed down that regardless of a kid's zip code, he or she should have access to quality facilities and quality equipment. Let's ensure with these resources that in every classroom across 75 counties, we have equipment that students need to do the science projects, to do the introspection, to do the problem solving that they need to take them to those higher levels of learning.

Dividing spaces for good teaching. Renovating space to meet academic delivery methods. All key things that you could do that will have or could have impact upon student learning.

Modernizing academic attached equipment. Smart boards. Several of you have those already. Infrastructure wiring for building video system. Broadband. Several of you are talking about broadband. We have broadband needs across this state. Very good use of those resources. Digital distribution systems. Distance learning systems and labs. Infrastructure wiring. All of those kinds of things that you might not have been able to do before that you can do with these kinds of things that again will have some impact upon how students learn and engage in a classroom.

Now, let's look at some prohibitions. Purchase or upgrade of vehicles. The only exception to that is under the Recovery Act in IDEA for handicapped bus. Only exception to that. Okay? So you can't go out and buy buses. You can't go out and upgrade vehicles, unless it falls under special education, IDEA Recovery Act for a

handicapped bus. Improvement of stand-alone facilities whose purpose is not the education of children. Stadiums or other facilities primarily used for athletic contests. You all know this, but it merits repeating. Maintenance and maintenance-related projects. And I understand that could be a gray-lined area sometimes. So, if you've got questions about that, talk to us. We're not trying to be the bad guy here. We're trying to help you stay out of the newspaper. New construction, modernization, renovation or repair that is inconsistent with state law. The important factor there is that nothing in the stabilization act removes requirements that are already present in state law. Key factor.

Federal laws – and here's a key one for you also, and I know some of you have some consternation about this – federal laws such as Davis Bacon and the Buy American Act apply to the use of these funds. This true even when you mix federal funds with your local funds. Be very cautious when you do this. These recovery act funds must be, and will be, tracked separately.

If you decide to use your funds for facilities projects – which I know many of you will and that's fine as long as you are comfortable, your community's comfortable and you have passed it through the filters and this is going to get you to tying back to those four principles and those key effective areas – keep in mind you will also have to submit a work order. We've got to track this stuff with our own system to the Public School and Facilities and Transportation Division. Let me also say to you that nothing inherent in that statement is designed to slow down the process and it will not.

But we have got to know what you're doing, so that we can update your master plans accordingly as we go through the process. All of the normal procedures for a construction projects are enforced since the Recovery Act stated that we must follow all state laws. For each approved facility project in your plan, it is required that a work order be initiated in the state management system and coded correctly by the districts. This will help ensure that the state's building inventory will be kept up-to-date. Taking you back to that endeavor, you clearly understand that when we started that process, there was not a state building inventory. We had buildings that people were building that nobody had an idea about. From barns to you name it. Some of that made the media.

Prohibited use of funds continued. An LEA may not use stabilization to provide financial assistance to students to attend private schools not that any of you would do that. I had to say that though. The ADE strongly – notice the vernacular – strongly discourages – that's all we can do - LEAs from using funds to hire faculty or staff that would constitute, again, a long-term investment. If you're going to hire somebody for a short period of time in a specific area to get kids to higher levels of learning or technology or what have you, fine. As long as you understand that it's short term, and that it's not long term or if it's going to be long term you're going to have to find the money to do it or cut the person loose. That's the parameter in which you have to to survive in this. The next bullet, the ADE strongly discourages LEAs from putting any funds in salary schedule or benefit plans. Why? Ongoing expenses. Can you use it for bonuses? The answer is yes. Cause that is not an ongoing and continued expense. But let me put this caveat to

you: Don't just put it in bonuses to give a bonus. The Secretary also talks about: Yes this is a fine use of these resources. What are we going to tie it to? Why are we giving a bonus? Is there going to be some measure at the end of the day that we tie it to? Like student outcomes? Like student performance? Or if you put out a pot of money and say to your school and your faculty, 'If we make X amount of improvement on XY and Z or if we do XY and Z to grow student achievement, this pot of money will be available for bonuses.' That is what he is advocating for. Don't just give a bonus because you've not been able to give a bonus. And I know that some of you may need to do that because of where you are and the impact that you've had on their inability to be able to do that. Understand though that when you do that, there's going to be a question at the end of the day: Why did you do that and what did you tie it to? Going back to the filters. So, bonuses are permissible. Do not, we strongly suggest, put it on your salary schedule as an ongoing expense or a benefit.

Statement of assurance. Just as the Governor and I have to sign a statement of assurance for the federal government, we're going to ask you as a superintendent to sign a statement of assurance committing to meeting the criteria that's been outlined before money is released to your district. The governor is emphatic about that happening. And again folks, it's not to play gotcha. It's to help you and to assist you. We have to sign that we're committing this money to be used in a proper fashion. We think it's only fair that we ask you to do the same thing. Because at the end of the day folks, if you're not expending this appropriately, it's going to be your district that will be highlighted and you as the leaders in the district that will be highlighted and have to

explain why you're not doing it appropriately. The business manager, as now as a part of law, I know some of you have assistant supe for finance or whatever, but the law, as it's written, specifies business manager, so we're going to ask the superintendent and the business manager to sign the statement of assurance. We will send the statement of assurance to you via commissioner's memo within the next couple of weeks. I hear a little grumbling, and that might make you nervous. But let me tell you what the governor told me folks. He didn't say it quite this way, but let me tell you . . . let me translate for you. If I'm putting my name on the bottom line, and you're putting your name on the bottom line, then we're going to have some other people put their name on the bottom line. That's the translation. Because the ramifications here are too immense for each and every one of us. And this is not to play gotcha. It's meant to say that you understand what's supposed to be done here.

Let's turn to financial accounting. All of your favorite topic, I know. We're going to break this out into three different areas: reporting; cash management, transparency and auditing. As we've previously noted in this conversation, the level of reporting and transparency needed for these funds will be like we've never seen before. And you've heard Chris Masingill say the same thing. Details of these requirements from the federal government are still coming in. But here is what we know today. There are three main areas - and I outlined those for you - reporting, cash management and transparency and auditing - that we're going to talk to you about in a little bit more detail. Let's move to the next slide.

Reporting process. Along with the statement of assurance, superintendents and directors shall submit for review to the ADE their plans for spending these funds. We have a target date of May 15 for you to begin using a new and streamlined planning and tracking tool.

By federal law, we are required to track these funds separately from the system we currently use in ACSIP. New source of fund codes will be set up in APSCN to track the Recovery Act funds. ADE will be providing ongoing training on the use of this new tracking tool. But we hope to have this up and running May 15. That's our target date.

And you all know about target dates, but we're working very diligently to make that happen.

In the meantime, as you engage in these conversations across your district, please use the process laid out in this guidance that you've been given today to determine what projects, programs, and items you wish to invest your money in. Use those rubrics. Go back through those and use those filters. That way, when the tool is ready, you'll be able to submit your information very quickly.

Go on to the next slide. This is not meant for any of you to be able to read.

Audience laughter.

But it is simply an example – and let me highlight some of the key areas that we’re thinking about that will be a part of this tracking tool. It’s what it may look like in its final editration. Looking at the source of funds. We’ll be look at appropriate codes, a project name, anticipated start and end dates, total dollar expense, initial impact narrative with performance measures which must updated monthly to track the program. Your reporting in this endeavor is time sensitive and time specified. And those things will be coming out to you as we roll this out.

The next slide, again, is just a continuous of what we think this may look like. Let’s look at the cash management. The ADE, in partnership with Chris and the Governor’s Recovery Office, will review each district’s plan. Again, we would be be looking for evidence that you’re district plan on spending your money on helping reach the goals set out in the federal guidance. If we have a question about it, we’re going to ask you to further define it. I have to tell you again nothing in this process is designed to slow down the flow of money or the process that you will use to expend the resources. But we have to have a filter. Because at the end of the day, whether we have any statutory authority or any federal authority, we’re going to be asked to prove this has been done in a proper fashion. So, we have to have a mechanism in place to ensure that that will happen.

Once we receive the district plans and statement of assurance, five percent of the district’s Title I, IDEA, and state fiscal stabilization funds will be sent to the district. Once we receive, let me repeat that again, district plans and statement of assurance,

and again our target date for looking at all of this is through the commissioner's memo on May 15th, you'll get five percent of the Title I, IDEA, and state fiscal stabilization funds. ADE will then begin to reimburse expenditures on a bi-weekly basis, beginning June 20. Working through our timeline, D F and A and everybody that's engaged in this process, those are the timelines that we're beginning to put in place. We will have your allocation amounts to you by next week. I know already several of you have gone to different Web sites, and you have a pretty good idea of what you're going to get, and that's probably not going to change a whole lot. But there have been some adjustments at the federal level. So, as you are looking, and have been looking at those numbers, understand those are estimates. And we will be getting you those final numbers next week. We've had to work with many variables to determine what those final numbers are going to be and wait for additional guidance from the USDOE. I know that, again, many of you already have a clear understanding or at least your best guess as to what that is going to look like. And those are real close to the ballpark. They're not going to change drastically from that. So, you've got a pretty good indication of what you're going to be receiving.

Let's go to the next slide. Transparency and auditing. Be sure in your guidance, if you have not read it already and if you have I would encourage you to read it again, to read the transparency and auditing section very carefully in your guidance document.

Remember, all of this will be tracked separately. You will be required, through this process, to engage and complete compliance audits, which is detailed in the guidance. So, make sure you are completely familiar with that process.

We're now to questions and answers. We've received, and I . . . we're going to open it up for any additional questions you might have, but we're going to go through the questions that several of you submitted to us, and give you our best response at the present time to those, and hopefully that will take care of a lot of the questions that you have. Because it was our goal folks, that in this process, that if you were able to read the guidance, everything that we've said to you prior to coming here, and then couple that with what we covered with you today, you would be in pretty good stead to go down this path to make some good decisions.

So let's go to the first question. How do Title I rules regarding comparability and the allocation of regular Title I funds relate to the Recovery Act funds? The same. No change. Please see C-11 in the Title I guidance from the U. S. Department of Education.

Number two. Will the district still have to use each building's free and reduced lunch percentages to calculate per pupil allocation levels for each site and rank them accordingly? Yes. All the same rules and regulations apply to Title I funding.

Page . . . excuse me . . . number three. On page 2 of Arkansas Guidance for Local Education Agencies, reference is made to funds that can be used for budget shortfalls. Can that be a local district budget shortfall or is that only at the State level? Nice try. The answer is no. It cannot be used for a local district budget's short fall. This applies

to state budget shortfalls. As we've already mentioned, K-12 has not had a state budget short fall.

Number four. Can we use some of our IDEA money to replace our small handicapped bus? And I referenced that earlier. Yes, and only in this area. If you have follow up questions about that particular thing or want to make sure you're on the right path, contact our special ed unit, Marcia Harding, she can walk you through that piece. But the answer is yes, you can use the IDEA Recovery Act funds for your small, handicapped bus, if that's something you need to do.

Number five. May we use stabilization funds to purchase real estate? Only if it's in Tahiti.

Audience laughter.

We're still getting a little bit of clarification on this, but our initial take is you probably don't need to go down this path. But we will continue to refine this one for you. Okay?

Number six. Is there a formula for the percentage of funds that must be used on school improvement , interventions, etcetera? No, there is not a particular formula. However, I would strongly suggest that you look very carefully at this arena and where you're having difficulty in your district or if it's a chronically underperforming situation, that you really look very seriously about using these funds in that way – to shore up some areas

you might need to shore up. So, we strongly encourage you to look at that even though there is not a percentage formula that drives this.

Number seven. Is there a list that breaks down by district how much each district will receive in Title I education funding etcetera, etcetera? Yes, and we will be getting those funds . . . that information to you, again, next week. Excuse me. During the week of April 13th, which is next week.

When will district learn about their funding levels? Same deal. Next week, we hope to have that final information to you.

Number nine. District's physical education facility is the gymnasium; can recovery money be used to re-roof the facility? You must be able to justify in this endeavor that the primary use – over fifty percent of that facility – is utilized in that way. Again, I would ask you to exercise some caution there, and to make sure that you can properly answer that question and defend it before you go down that path. Funds cannot be, again, spent on athletic facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public.

Number ten. Can this money be used to cover sidewalks? Answer, yes. But, I would again ask you to go through that process and see how you're going to tie that back to the four filters and to the areas that we've talked about.

Number eleven. Can this money be used to asphalt student, teacher, bus parking areas? The answer is yes. But again folks, I want to suggest that you exercise caution in these areas. Look at some other ways that you might be able to do that. And if there are no other ways, and your community's with you, and you feel comfortable having somebody ask you to explain that in some kind of a venue at some point in time, then the answer is yes you can do it, but , again, it has to be tied back to these four goal areas.

Number twelve. Can this money be used for increasing size of cafeteria and/or new roof? Yes. But again you need to justify how it will meet one of the four goals that we've covered for you or with you.

Another real estate question on number thirteen, and again we strongly encourage you to probably not to do that, but we're going to continue to get some refined answers on that, because there's been some question raised to that at the federal level.

Number fourteen. Can this money be used for a new road going to a new school? Yes, but you need to justify how it will be meeting one of the four goals. And let me also suggest to you that the road definitely needs to be on the school property.

Audience laughter.

Number fifteen. Can we replace a floor to help us make our buildings green?

Absolutely, but again you need to justify how that will fall into one of the four goal areas.

Can we asphalt a gravel parking lot? We have a lot of asphalt questions in here.

Audience laughter.

Yes, take it back to the four goals, and see if you're going to want to justify and defend it.

If a district did not apply . . . here's a key one . . . if a district did not apply for any 2009-2011 Partnership Program funds, will they be allowed at this late date to apply for 2009-2011 Partnership funds so they can match stimulus money with state funds? Answer. We cannot accept applications now, as the Partnership Program dates are set by law and are tied to the school district's master plan. Submission date for projects to be considered 2009-2011 was May 2008. The second more important reason that this is not allowed is that these dates are set to correspond with session dates and the budget for the next year has been set.

Number eighteen. Now that new construction is a part of the allowable expenditures under the stabilization funds, can districts use this money to subsidize portions of the new building projects that are underway or that could be underway after the approved projects come out on May 1? Answer. Stabilization funds can be used with Partnership funds, but the criteria - the project must meet those established in the state's guidelines.

Just because a project is on the Partnership list does not mean that it totally translates into meeting the criteria of the state guidelines. All contracts must meet the federal guidelines, as I've mentioned before, Davis Bacon . . . if the current contract does not meet the federal guidelines, then this will cause you issues and problems. Going to the Davis Bacon piece.

Nineteen. If I can, I wonder what process will be used to relate this information to the building projects as far as the Division is concerned. Answer – school districts will have to identify in their grant plan each expenditure and project they intend to apply state stabilization fund monies toward. If the application is approved, they will be notified of their next steps by the Division.

Number twenty. If a district has a project that is on the master plan, but is scheduled past the 2009-11 funding biennium will they be allowed to bump up the project and use these funds, and if so, what will the process be that we need to follow. Answer. If the project is approved for state stabilization funds, then it can be moved up and the school district will amend their master plan accordingly.

Number twenty one. The information I have read seems to indicate that all of the projects completed with the stabilization funds will be tracked through School Dude (Computerized Maintenance Management System), which is fine, but I wonder how they will make their way back to the master plan information. Answer. They will be tracked through the CMMS, and if there are a correction of deficiency noted on the school

district's deficiency list, then they will be updated when the next plan is submitted in February 2010. If they are a new construction project, the same applies.

Twenty two. Most of the projects that will be completed with these funds will most likely be over \$20,000, so will a construction approval form and all the other required information be required by the Division or will these projects be completely separate like the guidance suggest . . . or like the guide suggest. Answer. The guidance and the law make it clear that no state laws changed as a result of the stimulus funds. All state laws, policies and procedures will remain in effect and applied to the expenditures of these funds in addition to those federal requirements add as a result of the Recovery Act.

Twenty three. When looking at the timelines of these funds, it says that all stabilization funds must be obligated by September 30, 2011.

Which attorney wrote this for one of you?

Audience laughter.

Just kidding.

Obligated means an executed and signed construction contract. Then it says that all stabilization funds must be liquidated within 90 days of the allowable period and the allowable period ends September 30, 2011. It goes on to say funds must be spent and

dispersed by December 29, 2011, which are the dates that we've given you. Does this mean all projects must be finished by December 29, 2011 or is this pertaining to the state and when they must have the funds disbursed? No, this has to do with you, not the state. Term disbursed refers to the school districts. Federal act states that the issuance of funds by the state to the school districts does not count as obligated. Therefore, the obligation, and hence, the liquidation or disbursement date applies to school districts. We had our attorney write that one.

I'm just kidding.

Audience laughter.

Number twenty-four. Can districts do projects with the stabilization funds that are not listed on the Master Plan? Answer. Yes. If so, what will be the process? Answer. All projects will be entered through the CMMS and will accompany the school district's plan for the stimulus money.

Twenty-six. When projects are finished with these funds, will we have to update the Deficiencies List and Lifecycle List to incorporate the work that has been completed by the Master Plan . . . or to the Master Plan? Answer. The procedure for updating the Master Plan or the deficiencies list is stated in law and rule. The updates will occur with the next master plan cycle in 2010 and update cycle in 2011 and so on and so on as we go down that process.

That concludes the questions that were submitted to us. If you have some burning questions, we're running pretty close to lunchtime. I don't want to cut this off if you have some burning questions that you want to pose, we have microphones that are down here, if there's something you want to pose. Anybody that wants to pose a question?

(Inaudible)

You'd better have some questions, because they tell me that lunch is on the way. Just kidding you. Any questions that you have?

Yes sir.

Male Voice:

(Inaudible) There's a lot of discussion about shovel ready projects and (inaudible).

What is the earliest date that I can sign a construction contract (inaudible) and apply those funds to that project?

Dr. Ken James:

I don't know if you'll heard the question or not but talking about shovel ready projects and what is the earliest date that a school district can sign a contract to get this stuff underway? Benny, I don't have a firm date for you at this point in time. But what . . . again - going back to what we said in terms of May 15th getting this stuff going, getting the initial distribution out to you, we understand that that's going to be an issue for you,

and you want to get those things started, so my pledge to you is that we will get you a date as soon as we possibly can. We're not going to do anything from a state perspective to delay your projects as they continue to move forward.

Go ahead.

Male Voice:

Under the federal laws, the effective date (inaudible) signed the act and anything after that (inaudible).

Dr. Ken James:

We suspect that's going to be the case, but we don't have anything like that in writing yet Benny, so I'm hesitant to say that, but we suspect that will probably be the same kind of format to follow. And I don't want to jump out there and give you any information that you walk around here . . . walk out of here today with that I don't have in writing from them, and have to come back and correct that later. Okay? Good question.

Female Voice:

You mentioned that the supplement and supplant applies for Title I, and on page 39 of the guidance, it talks about that states and LEAs may apply for waivers for some of those. And I'm wondering if the state is applying for waivers or we as individual LEAs have to apply for waivers, and what process we need to follow if that's the case?

Dr. Ken James:

The individual districts will have to apply for those, and we'll have to work through that process to be able to give you the process. We don't have that process yet. The feds have told us, the Secretary has told us that they're going to expedite waiver requests. They've set up a specific unit to review waiver requests, but if you want our help in crafting your waiver request, we'd be more than happy to do that with you. But that request has to come from you.

Female Voice:

And who is, who is that we would contact for that?

Dr. Ken James:

Miss Heather Gage at the Department is our stimulus contact.

Female Voice:

Okay, and on page 36, the guidance talks about Title I funds being able to fund eligible schools that are not currently being funded? And how would we go about doing that if that was something that we wanted to do? In . . . Are they going to open as targeted schools – they wouldn't have gone through the planning for a school wide school?

Dr. Ken James:

We will work with you with our school improvement unit and with our learning services division to work through that if that's what you want to do and you want to expand that Title I, because that is a viable option. Okay?

Male Voice:

My question is on administrative expense. I think at the federal level there was quite a bit of money that was allocated for administrative oversight, audit compliance, transparency and that sort of thing. Is there any money that the state of Arkansas is going use to comply and if so, will there be any at the LEA level?

Dr. Ken James:

That's one of the other push backs from states, because we've not . . . you know there's a lot of things in here that states are going to have to do. We did not get an increase in our set-asides to be able to handle some of these kinds of things. Let us follow up on that question. We have a site we can go to and get pretty quick responses. And let me encourage each and every one of you, and not to flood Heather's e-mail account, but if you have pressing issues that you need some clear guidance on very quickly, get those to us, and we'll follow up with our contacts at the federal level and get that back to you as soon as possible. Okay?

Male Voice:

Dr. James.

Dr. Ken James:

Yes.

Male Voice:

My question is about the initial five percent allocation . . .

Dr. Ken James:

Yes.

Male Voice:

Is that five percent of the total allocation or five percent of the fifty percent?

Dr. Ken James:

Well, that's five percent of the fifty percent.

Male Voice:

Alright. Thank you.

Dr. Ken James:

Okay. I can't give you something that I don't have . . . even though I know you want me to.

Male Voice:

Two more questions. One of them is that the guidance published by the U. S. Department of Education indicates that the, uhh, the uhh, oh what do you call it . . . the uhh. Ahh, never mind.

Audience laughter.

Dr. Ken James:

I'm not sure what you call it.

Male Voice:

You know what I want. What I'm talking about is the uhh. . . is the administrative money that the uhh the percent is available to us on these funds - just like it is on other federal programs. You know what I'm talking about. Indirect cost allocations. Do those same percentages apply and at what level does it apply?

Dr. Ken James:

Same pre . . . nothing's changed with any of those regulations and with all of that. So, there's not been any change that I'm aware of.

Male Voice:

Does the same thing apply to the Governor's stabilization money?

Dr. Ken James:

From the perspective . . . no. From the perspective that it's funded through the Title I piece – that's the funding tree – that's the mechanism and stuff like that. But that's a different set versus Title I and IDEA buckets.

Male Voice:

Okay, the other question is we haven't heard a word about the technology allocation this morning, and I know there's a big category of funding for technology. Is that going to be rolled out separately?

Dr. Ken James:

Yes. The question was technology, and yes that's a separate bucket of money that will be coming down later, and as we get that guidance, and typically what they're telling us is it's going to be this summer. But as we . . . when that rolls out, and there will be a process to go through to access those funds.

Male Voice:

The same thing is true for the competitive funds for the Race to the Top and those other categories?

Dr. Ken James:

Yes. And that's something that I'll mention very quickly. I didn't get down in the weeds on any of those because they're to come later. But, you've probably heard about the Secretary's Race to the Top funds. Where he had five billion – and really after they take

some money off the top – he’s going to have four point three five billion, I think what the amount is – that’s going to be on a competitive grant basis.

Let me also tell you that there are several states – thirty five as a matter of fact – that will gather on April 17th in Chicago to talk about something that is going to begin to move very quickly. I’ve mentioned this to some of you. State-led – state-led – national standards. The Secretary, the President, are very focused on this happening. It’s happening quickly. We will have folks from the Department there. Thirty-five states have signed up to be a part of this conversation. States will be asked to sign on the dotted line on April the 17th if they want to engage in this level of conversation. The first two areas that will be looked at are areas that we’ve already worked on very diligently, so we’re very poised to participate – that’s English language arts and math. We are going to sign on the dotted line that we’re interested in moving this conversation. The governor has approved that. You’ve probably read some of this in Ed Week in terms of this national conversation.

Do not leave here today with the impression that these are federally Passed down standards. But the position from the Secretary and the President is that there is no reason in this country, with the mobile population that we have, that we need 50 sets of different standards.

Applause.

Yes. Thank you. And again, the areas are going to be English language arts and mathematics. Which I've already said to you always have been deemed appropriate for college and career readiness already. It doesn't mean that that's the end of the conversation because information changes. The other piece of this state-led national standards conversation is going to focus on internationally benchmarked against PISA and TIMMS.

That's the conversation that going on very aggressively. Their hope and goal at the federal level is that these first two areas happen very quickly so there is a very strong push at that level. We are also very hopeful, and I'm going to whet your appetite I hope a little bit with this, that the next result coming from that conversation is a different way to look at assessment.

Applause

You all know that what we've been doing in assessment is probably not the best thing that we need to do. There are different ways to assess kids on a much more profound way than what we've been doing – we've not been allowed to do it because it didn't fit in the box. We are very hopeful that there will be new levels, new generations of assessments coming out of this conversation. We're also very hopeful, and have some level of commitment from the feds that they are willing to ante up dollars to look at new assessment modules. That's exciting news from a curriculum standpoint . . . those of

you that live and breath that stuff. So, I wanted to share – whet your appetite a little bit with that. So, we're excited about that.

Thirty-five states have again signed on to be there, and let me tell you, I've watched this conversation evolve for the last four years. And when it started four years ago, you can imagine, fifty states in fifty different interpretations and fifty different mindsets and it was like gnashing teeth. Now we have thirty-five states and that's pretty equivalent to the same number that are now involved with Achieve and ADP that are engaged in this rich and robust conversation about what this next generation of assessments and standards should look like tied to international benchmarks. And folks, that's what our kids are going to have to have to be competitive as they go into the global marketplace.