



The American Recovery and Reinvestment Act (ARRA) of 2009 Plan for the Houston Independent School District (HISD)

GENERAL OVERVIEW OF ARRA

The American Recovery and Reinvestment Act (ARRA) was enacted on February 17, 2009, with provisions for key investments in education to help states and school districts across the country implement innovative strategies that will improve education for at-risk students and close the achievement gap while also stimulating the economy. This funding helps to maintain educational services, retain teachers and personnel; address school repairs and modernization, and make further progress in data systems, teacher quality and educational supports for students with disabilities.

For more information on ARRA, please visit www.recovery.gov

To view the complete ARRA bill, visit <http://thomas.loc.gov/> and search for bill H.R. 1.

BACKGROUND

When HISD received the preliminary amounts of funding that the district was expected to receive in ARRA, it met with various stakeholders to begin drafting a plan on how to best utilize the funds in the district. The primary objective of this initial draft was to develop a strategy on what the district could do differently to ensure that every student stays on track with their age-appropriate peers all the way through graduation and to prepare all students for higher education or the workforce. Thus, the plan focused on providing more flexible options for students, more intensive instructional time, using new, innovative technologies to improve student learning, and offering additional social/emotional supports for students and families.

The Superintendent's Ad-Hoc Committee of approximately 45 principals, representing all feeder patterns, met on three occasions to provide input into the initial plan on how the district could most effectively use the ARRA funds to improve student achievement. In addition, all principals at the February district-wide principals' meeting were provided an opportunity to submit their ideas on the use of these resources.

Other important stakeholders, such as parents and members of the community, had the opportunity to provide input into the uses of ARRA monies. The Superintendent's Public

Engagement Committee¹ and a Learning Lab where the community was invited to participate were conducted to solicit suggestions. The district also held focus groups in the five regions in April following the release of ARRA guidelines that detailed the proposed uses of the funds by the U.S. Department of Education.

This document details the plans the district has developed to best optimize the use of ARRA funds and that incorporates suggestions received by stakeholders. It should be noted that ARRA funds will be provided to the school district for only two years and all reforms in this document, although the district hopes to continue many, will only last as long as ARRA funding is available.

The district has been carefully reviewing all funding sources in the ARRA and has developed plans in the following areas that will be discussed in greater detail:

- I. Title I – Elementary and Secondary Student Act (page 2)
- II. Individuals with Disabilities in Education Act (page 9)
- III. State Stabilization Funds (page 13)
- IV. Race to the Top and Investing in Innovation Funds (page 16)
- V. School Construction Funds (page 17)
- VI. Equipment Grants Program (page 17)
- VII. Title II – Education Technology (page 18)
- VIII. Teacher Incentive Funds (page 18)

I. DISTRICT PLANS FOR TITLE I FUNDS

In the ARRA, an additional \$10 billion was allocated for Title I of the Elementary and Secondary Student Act. The purpose of Title I “is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging State academic achievement standards and state academic assessments.”² Funding is targeted to children who qualify for free and reduced lunch, which is determined by the National School Lunch Program. Specifically, if a household's total income is below a certain amount, the children in that household can eat free or at a reduced price. To receive free meals, household income must fall below 130 percent of poverty. For reduced-price meals, household income must be between 130 and 185 percent of the federal poverty level.

School districts are required to spend Title I funds on students who qualify for free or reduced lunch. If a school has over 40% of students who qualify for free or reduced lunch, the entire school is designated as a Title I campus and funds may be spent on school-wide programs that are allowable under the Title I guidelines.

¹ See <https://www.houstonisd.org/vgn-ext-templating/v/index.jsp?vgnextoid=cfb2137a6c919110VgnVCM10000028147fa6RCRD&vgnnextchannel=41da54f9f2540210VgnVCM10000028147fa6RCRD> for information on the committee, including membership.

² To access the complete Title I Act, please see <http://www.ed.gov/policy/elsec/leg/esea02/pg1.html>

Once the district received notification from the Texas Education Agency (TEA) regarding the timelines and the specific amounts for HISD, a per student funding amount was calculated for the Title I schools to receive for the identified purposes outlined in this document.

The district's projected share of Title I funds in the stimulus bill is \$89,003,172, including indirect costs, over a two-year period. The funds will be allocated in three categories:

- Required allocations mandated by federal law
- Campus-based initiatives
- District-wide initiatives

Required Allocations Mandated by Federal Law

Under No Child Left Behind, state and local education agencies were required to "set-aside" a percentage of Title I funds for specific uses. Recently, the U.S. Department of Education issued rules that would allow state and local education agencies the ability to apply for waivers to receive flexibility in some of the mandated set-asides. As of September 7, 2009, the Texas Education Agency (TEA) was still developing its waiver application for some of the set-asides. HISD is weighing its options on whether to be a part of a state-waiver process or independent of TEA, seek a waiver as a local education agency.

Since neither waiver has been approved, currently, HISD is still mandated to dedicate Title I funds to these required allocations:

- **Adequate Yearly Progress (AYP)** – Twenty-percent of the Title I allocation must be set-aside for transportation, school choice and supplemental education services for schools that failed to meet AYP. This totals \$17,800,634.
- **Parental Involvement** – One percent of the Title I funds must be spent for parental involvement. How the funds will be spent will be determined by the campus to ensure each community's needs are addressed. This totals \$878,517.
- **Private Non-Profit Campuses** – Houston ISD serves as a fiscal agent for private non-profit campuses with students who qualify for Title I services. This set-aside totals \$434,183.
- **Institutions for Neglected Students** – This set-aside is dedicated to providing increased services to homeless children.³ This totals \$114,072.

³ In ARRA, \$70 million was devoted to the McKinney –Vento Homeless Assistance Act. HISD is expected to receive additional funds for its homeless students through this funding source.

Campus-based Initiatives

To ensure maximum flexibility and to help address the unique needs of children throughout the district, HISD allowed each principal to develop a plan on how to spend its stimulus funds based on the amount generated by the percentage of students on free/reduced lunch on the campus. School principals worked with their Shared Decision-Making Committees (SDMC), which are comprised of professional and non-professional staff, parents, community members, and business representatives to establish academic and other performance objectives of schools.⁴

Research indicates that the higher concentration of poverty in a school, a statistically and educationally significant decline in student achievement is common without additional supports. To address this concentration factor and ensure the schools with the highest challenges receive adequate funds to address their students' needs, the district developed two tiers of funding for Title I campuses:

- Tier I campuses are campuses with 75% – 100% of residing students considered low-income will receive \$192 per pupil (\$96 per year).
- Tier II campuses with 40% – 74.9% of residing students considered low-income will receive \$175 per pupil (\$87.50 per year).

Using the federal guidelines on allowable uses of ARRA funds along with building upon research-based methods that have shown to improve student achievement, the district developed a template for principals to determine how to best utilize funds on their campuses. These plans were submitted to the Texas Education Agency (TEA) as part of the district's stimulus plan.

A total of \$30,388,206 will be allocated directly to schools for campus-based initiatives. They must use their ARRA Title I funds in the following areas:

- **Extended Instructional Time** – All schools are expected to provide extended instructional time for students needing more intensive instruction. The extended time must be designed around individual student needs, resulting in increased numbers of students advancing to the next grade on level with their age-appropriate peer group. Individual schools can determine how they will provide this additional time, and the options for these services can include the use of extended school days, Saturdays, and/or intensive summer programming. It is encouraged that schools work together to provide transportation for students participating in these programs and use stimulus funds to help pay for this service.⁵

⁴ Please see Houston ISD's Standard Practice Memorandum 2652.C or §11.251, §11.253 and §39.051 of the Texas Education Code for more information.

⁵ In a recent study of higher-success and lower-success elementary schools in Maryland, researchers found that the more successful schools were seeing consistent academic gains as a result of extended day programs. See Willis Hawley, William Schager, Francine Hultgren, Andrew Abrams, Ernestine Lewis, and Steve Ferrara, *An Outlier Study of School Effectiveness: Implications for Public Policy and School Improvement*, paper presented at the annual meeting of the American Educational Research Association.

- **Academic Intervention/Reinforcement** – These funds for intervention and reinforcement must primarily focus on accelerating the learning of at-risk students. However, schools have the flexibility to use these funds for academic reinforcement of students who may not be failing but could benefit from additional educational opportunities. These funds may also be used for UIL academic activities.
- **Social/Emotional Support** – It is widely acknowledged that many of the district's students who are struggling in school have issues in their personal lives that create barriers to learning. Thus, all schools will be expected to provide services to support the social/emotional needs of students. These services can be delivered in a variety of ways. Schools can elect to hire licensed counselors or licensed social workers, or to contract with other community agencies, such as Communities in Schools⁶, for comparable services.
- **Electronic Course Options for High School Students** – These funds will be used to assist high schools in implementing an optional flexible school day by providing more virtual course options. Courses can be provided during the school day, in the afternoons and evenings, and on Saturdays. The range of courses schools can provide include those in the core curriculum, Advanced Placement, those leading to certification in numerous trades, and courses designed to increase the graduation rate for recent immigrants and Spanish-speaking English language learners, such as Language Learners at The University of Texas at Austin's Center for Hispanic Achievement (LUCHA).⁷
- **SAT/ACT Preparation for Secondary Students** – These funds will be used to expand opportunities for students in middle and high school to prepare for SAT or ACT college-entrance exams. Courses will be provided during the school day, in the afternoons, evening, and on Saturdays.
- **Advancement Via Individual Determination (AVID)** – These funds will be used to assist middle and high schools in offering and/or expanding the AVID program for their students. The purpose of AVID is to ensure that all students in middle school will succeed in a rigorous curriculum, complete a college-preparatory path, enter mainstream activities of the school, and increase their enrollment in four-year colleges.⁸

In another study of high-performing, high-poverty schools, 86 percent of the schools extended time for reading and 66 percent extended instructional time in mathematics. See The Education Trust, *Dispelling the Myth*.

⁶ The Communities in Schools program was identified by the Texas Education Agency as one of the best practices in dropout prevention.

http://ritter.tea.state.tx.us/comm/leg_reports/bpdp_finalreport_20081219_toTEA.pdf

⁷ For more information on LUCHA, please see <http://www.utexas.edu/cee/dec/lucha/>

⁸ AVID is an innovative course approved by Texas' State Board of Education. For more information on AVID, including research on student effectiveness, please see <http://www.avidonline.org/>

District-wide Initiatives

After analyzing district data, predicting success of schools by projecting next year's standards to this year's scores, and identifying best practices to continue closing the achievement gap, HISD administration developed a series of recommendations for district-wide initiatives that will supplement areas the district already is working to improve.

HISD will use stimulus funds to assist with the following district-wide initiatives:

- **Improving Literacy Skills**
 - Elementary Intervention/Literacy Specialists
 - Literacy Professional Development for Kindergarten thru Third Grade Teachers
- **Supporting Full-day Early Childhood Education Programs**
 - Support six early childhood centers
- **Improving College-Readiness of Students**
 - College-Entrance Exam Preparation – Duke University Talent Identification Program
 - Developing Critical Thinking Skills – Houston Urban Debate League

Improving Literacy Skills

In 2007, HISD launched the *Literacy Leads the Way Initiative*, which is a framework to support the literacy work schools are currently implementing. Through the literacy commitments developed by the district, students should spend a minimum of 20-25 percent of their time in each class engaged in integrated literacy strategies to support their content-specific learning. ARRA funds will be used to supplement these literacy efforts in two ways.

- **Elementary Intervention/Literacy Specialists** – Funds will be used to include elementary on-site support through intervention specialists/literacy coaches. Currently, secondary schools have literacy coaches and the addition of literacy support at the elementary level will provide a seamless program of services for students. Building upon best practices, common reporting structures will be required of secondary and elementary specialists to assist with monitoring, research and ensuring effective practices are being implemented throughout the district. These individuals will also provide support for students identified as needing dyslexia support and be responsible for working with campus principals to monitor/lead the work of the intervention assistance teams. The cost for the elementary intervention/literacy specialists will be \$21,420,000.
- **Literacy Training** – Research has shown that young children who demonstrate oral language proficiency and early abilities in processing print do better in learning to read in first, second, and third grades.⁹ In fact, learning

⁹ Scarborough, H. S. Early identification of children at risk for reading disabilities: Phonological awareness and some other promising predictors. *Specific Reading Disability: A View of the Spectrum*.

achieved during these early years is likely to be sustained throughout elementary, which will assist in building a strong educational foundation for students as they enter middle school. It is therefore imperative that the district equip teachers with strong literacy teaching skills by providing literacy training to better prepare students. Two research-based programs that will be offered to all kindergarten through third grade teachers are Neuhaus, and Esperanza, which will be offered for bilingual/ESL teachers. These training modules will cost \$6,000,000, which will cover training contracts and teacher stipends to attend training.

Supporting Full-day Early Childhood Education Programs

Due to the changes in the workforce where over half of Houston's children under the age of six have "all parents working," preschools have become an important investment in the community.¹⁰ With an increased movement towards fiscal accountability in public investments, recent studies have examined the effectiveness of expenditures in prekindergarten programs. One notable study by the Federal Reserve Bank found that no public investment provides a greater return than the support of early childhood development.¹¹ Research also exist that links prekindergarten to reduced expenditures for remedial education and inappropriate referrals to special education programs.¹²

Given that state funding to the district for early childhood education has decreased and has never covered the cost of providing a full-day prekindergarten program for its eligible students, HISD has had to find other funding sources to maintain its commitment to the community to provide a full-day program to all eligible students.

One of priority uses of ARRA funds outlined by U.S. Department of Education Secretary Arne Duncan has been to expand early childhood education opportunities for students. He has stated that when he considers districts for other funding opportunities that may be available through the department, he will be looking to see if the district spent ARRA funds on early childhood education.

With this in mind, HISD plans to use part of the stimulus funds to support part of its full-day prekindergarten program.

- **Early Childhood Centers** – Stimulus funds will be used to support the district's six early childhood centers (e.g., Bellfort, Farias, Halpin, King, Lorenzo and Mistral). Each center provides a full-day prekindergarten program that utilizes developmentally appropriate multisensory curriculum. Providing a strong early

¹⁰ "Expanding Access to Quality PreSchool in the Houston Region: A Critical Investment for the 21st Century." *PreSchool for All*. 2003.

¹¹ Grunewald, Rob. "Early Childhood Development = Economic Development." *FedGazette*. Federal Reserve Bank of Minneapolis, March 2003

¹² "North Carolina Early Grade Retention in the Age of Accountability." *Kindergarten Readiness Issues Group, Partners in Research Forum at The University of North Carolina*. 2003.

¹² "North Carolina Early Grade Retention in the Age of Accountability." *Kindergarten Readiness Issues Group, Partners in Research Forum at The University of North Carolina*. 2003.

start to school is integral for the district to continue to close the achievement gap. In fact, research shows that HISD students who attended prekindergarten performed as well as kindergarten students who did not qualify for prekindergarten services, which is an indication that achievement gaps of lower-income students attending prekindergarten are decreasing compared to higher-income students. Funds will be used to support 50% of salaries for 110 highly-qualified prekindergarten classroom teachers at a cost of \$7,303,602.

Improving College-Readiness of Students

In 2006, HISD unveiled a plan to intensify the district's efforts to create a college-bound culture in every school in the district. Knowing that in order to prepare students for a global economy, the district needed to have a concentrated effort to better prepare students to succeed in college and the workforce. Measures to monitor college-readiness were included in the Board Monitoring System, which is the district's mechanism to measure the progress in achieving the goals outlined in the board's *Declaration of Beliefs and Visions*.¹³ Students' SAT/ACT scores and percentage of students meeting the college-readiness standard set by the Texas Education Agency have been monitored by the board annually and as the state undertakes a new college-readiness indicator under its accountability system, ensuring that HISD students are college-ready will continue to be a priority for the district.

- **College-Entrance Exam Preparation** – With the advent of the college-bound culture, the district has encouraged more students to take college-entrance exam. For the first couple of years of this initiative, SAT and ACT scores in the district increased at a higher rate than the state's and the number of students taking college-entrance exams in the district increased. However, last year's data showed that scores on college-entrance exams either remained flat or showed a slight decrease; furthermore, there was a slight decrease in the number of students taking college-entrance exams.

Although the district is still examining the data to better understand what may be impacting student scores and participation rates, HISD decided to be pro-active and has researched best practices to improve students' scores on college-entrance exams. Since the Texas Legislature has funded the High School Allotment, which provides high schools funds to implement SAT preparation programs, the district decided that increased attention in the middle schools needed to occur. Research shows that the longer students are exposed to these types of exams, the more familiar they will be with the exams and perform better.

With the additional funds provided by ARRA, the district will provide college-entrance exam preparation to middle school students throughout the district.

¹³ For more information on the Board Monitoring System and *Beliefs and Visions*, please visit www.houstonisd.org/board.

- **Duke University Talent Identification Program** – This program will expose middle school students to the general structure of the SAT and provides them with the test-taking strategies. The curriculum takes students through strategies necessary to prepare them for every section of the test. Throughout the program, students take several SAT practice tests that closely simulate real testing conditions. Provided assessments allow teachers to establish a baseline for student performance. Students’ strengths and weaknesses are also identified, which enables teachers to focus on the critical areas for individual student instruction. The program also has a teacher training component. The cost will be \$669,066.
- **Developing Critical Thinking Skills**
In order to increase students’ ability to think critically, the district has invested in proven programs that work and has increased training of teachers on gifted and talented curriculum. To further enrich students’ educational experiences, debate was looked upon as one area to expand in the district, as research has shown that students who participate in debate develop strong academic skills in literacy, critical thinking, research methods, communication and organization, which better prepares students for the rigors of college and the workforce.
- **Houston Urban Debate League (HUDL)** – Policy debate programs will be expanded to all district high schools and an increase in student participation in existing programs is expected. Policy debate is an immersive academic activity that prepares students to be effective advocates for themselves, their families, and their community. HUDL continues to promote an interdisciplinary, real world approach to learning that brings classroom activity to life and encourages students to take a positive and proactive role in their community and schools. The cost to offer HUDL in all of the district’s high schools will be \$1,010,000.

II. DISTRICT PLANS FOR IDEA FUNDS

The Individuals with Disabilities Education Act (IDEA) governs how school districts educate and provide early intervention programs for students with disabilities. The main purpose of IDEA is that students must be provided a “free appropriate public education” that prepares them for additional education, employment or independent living. Students who qualify for special education may receive services starting in prekindergarten thru 21 years of age.

The district’s projected share of IDEA funds in the stimulus bill is \$43,503,927, including indirect costs, over a two-year period. The funds will be allocated in four categories:

- Campus allocations based on student needs
- District-wide initiatives to support special education programming
- Special education prekindergarten services
- Required allocation to private schools mandated by federal law

Campus Allocations Based on Student Needs

Given the wide-range of educational needs for special education students – from weekly speech therapy sessions to teaching students in hospitals – the cost to provide high-quality services to meet their needs varies greatly. Similar to how the State of Texas funds special education students, HISD will provide schools with funds that are adjusted based on the level and intensity of services needed to educate the students. Since the distribution of funds will be based on student-needs, each school will be receiving amounts based on their special education students' needs and there will not be a "set" amount.

Currently, the range of the campus allocations for IDEA funding is \$44 for a small charter to \$268,406 for a large comprehensive secondary school. Intuitively, the schools that have either more special education students and/or more students with greater needs will receive the most funds.

A total of \$34,070,323 in ARRA IDEA funds will be allocated directly to the schools. Schools must use these funds in the following areas:

- **Improving Teaching and Learning** – Schools will be expected to expend funds on proven research-based strategies and programs in reading, math, writing, science, and positive behavior supports to improve outcomes for students with disabilities. Schools may implement an after school/extended day program for students with autism, focusing on language and social skills. Supplemental instructional support, including tutoring, and purchasing materials for academic and vocational programs for special education students are also allowed, as well as providing tutoring. For schools with large numbers of students with disabilities, the creation of a position to monitor the instruction of special education students should be considered.
- **Professional Development** – Schools may expend funds for special education teachers, general education teachers and paraprofessionals working with special education students to attend workshops, provide consultants' services for general and special education teachers, and conduct campus-wide professional development that improve outcomes in reading, writing, mathematics and science. Schools are encouraged to work with regional special education staff to determine which programs are most effective and those that will best serve the needs of the students. Funds may also be used to attend high-quality out-of-district travel to conferences on special education topics to learn best practices and current pedagogy for special education students.
- **Technology Equipment and Software** – Schools may use funds to purchase assistive technology and software that facilitate student progress in general education settings and in special education classes. Funds may be used to purchase equipment, including computers, which will assist data collection to

improve teaching and learning, facilitate record keeping for state and federal compliance, and assist with student achievement.¹⁴

- **Transition/Vocational Options** (secondary campuses only) – Schools may expend funds to expand work opportunities for students preparing for post secondary education and training. Campuses may use these funds to purchase equipment and materials related to vocational and transitional instruction.

District-wide Initiatives to Support Special Education Programming

With almost 17,000 students qualifying for special education services, it is imperative that district-wide support exist for teachers, parents and principals to access so that HISD continues to provide a high-quality, state-of-the-art education for these students.

HISD administration also wants to address the fact that the district did not meet the federal standard of Adequate Yearly Progress (AYP) due to special education and will use this opportunity of receiving additional funds to address areas that will assist the district in this area.

The district has committed to using \$7,382,112 to build capacity of the district's special education department and will focus the funds on:

- **Improving Teaching and Learning in Mathematics and Reading** – One program specialist for mathematics and one for reading will be hired by each regional office, including for alternative/charter schools, to provide leadership to special education teachers in the areas of mathematics and reading instruction. Support may also be provided to general education teachers providing instruction in these areas to students with disabilities. This will cost \$900,000.
- **Professional Development** – Opportunities for district-wide professional development will be provided for special education teachers, general education teachers, and teacher assistants for providing instruction and instructional support to students with disabilities in general education and special education classrooms. Professional development will be provided through several venues including on-site, online, conferences and consultant services. This investment will cost \$2,832,112.
- **Technology and Software** – A data management system will be purchased and used to upgrade the system formerly used by the district. The new system will reduce paperwork required to complete during the Admission, Review and Dismissal (ARD)¹⁵ and the development of Individualized Education Program (IEP)¹⁶ processes. The system will also provide data to improve management efficiency and to document students' progress toward the achievement of goals and objectives outlined in the students' IEPs. One position will coordinate this

¹⁴ Please note that the district is considering using non-stimulus IDEA funds to purchase computers for special education. Therefore, priority should be placed on purchasing assistive technology for students.

¹⁵ For more information on the ARD process, see http://www.tea.state.tx.us/index3.aspx?id=3314&menu_id3=793.

¹⁶ For more information on IEPs, visit <http://ritter.tea.state.tx.us/special.ed/guidance/rules/89.1055.html>

project with HISD's Technology Department to ensure a seamless transition to the new system. Technology licenses will be purchased to provide: 1) immediate access to campuses regarding special education information on litigation and instructional practices; 2) software to address needs of students requiring speech therapy services; and 3) vocational software for students in non-public school contract placements. The cost for the system, position and licenses will be \$3,575,000.

- **Transition/Vocational Options** – A transition program specialist will be hired to develop and establish contractual agreements with businesses and industry within the community that have not traditionally provided work opportunities for students with disabilities. These work opportunities will assist students to learn work-related skills in new environments. Salary and benefits for this position will be \$75,000.

Special Education Prekindergarten Services

Providing students with a strong education early in life is integral to their future successes in the classrooms. This is particularly true for students with special needs. The district must continue to make it a priority to educate parents of students who may need special education services to seek assistance from schools so that these students begin receiving services early in their educational career to better prepare them for school.

In the ARRA stimulus funds, the district received \$1,096,108 to assist prekindergarten students who qualify for special education services. These funds will supplement the IDEA prekindergarten funds schools already receive.

Schools with qualifying prekindergarten special education students will receive an adjusted amount of funds based on the students' needs. These schools must spend the funds in the following way:

- **Inclusive Instruction** (Campuses with early childhood special education students only) – Schools will be expected to use the ARRA IDEA funds to expand inclusive opportunities for preschool students on the campuses. The goal will be assist more students in transitioning into least restrictive environments in which the children can continue to learn. Instructional materials for students to be successful in a general education program may be purchased. This campus allocation costs \$884,681.

The district will also be providing the following initiatives for schools with early childhood special education students.

- **Pre-School Children with Disabilities (PPCD) Parent Institute** – The institute for parents and families of preschool children with disabilities will provide multi-sensory activities that parents can utilize at home to assist their children to

increase developmental skills in all academic areas. Parents will also receive information about community resources for young children. This will cost \$4,500.

- **Transition Institute** – The institute for parents and families of elementary, middle, and high school students with moderate to severe disabilities will provide information about available community resources and service providers that help families meet the needs of their children while they are in school and after graduation. The cost will be \$10,000.
- **Paraprofessional Institute** – Teacher assistants will receive professional development training on strategies to increase achievement of preschoolers with disabilities and on strategies to assist preschoolers with disabilities in general education settings. A total of \$76,925 is allocated for the institute.
- **Inclusive Instruction Program Specialist** – A preschool program specialist will be hired to seek agreements and partner with community day care centers in which young students with disabilities can be served. These community day care centers will provide opportunities for preschool children to be included in least restrictive environments and to interact with non-disabled peers. Opportunities for professional development for teachers in these settings also will be available. Salary and benefits for this position will be \$75,000.

Required Allocation to Private Schools Mandated by Federal Law

As with Title I, HISD also serves as the IDEA fiscal agent to private schools. A total of \$441,802 will be allocated to private schools with students who qualify for IDEA services. This amount includes \$29,790 that is specifically dedicated to preschool students served by the private schools.

III. STATE STABILIZATION FUNDS

During the 81st Legislative session in 2009, the Texas Legislature passed HB 3646, which increased funding for public schools and guaranteed each district a minimum annual increase of \$120 per student in weighted average daily attendance (WADA). For HISD, this funding increase was \$30,052,692. From this new funding, the state mandated a teacher salary increase that would provide the greater of: (1) a minimum of \$800 plus the value of a step on the district's 2008-2009 salary schedule for one year of additional service; or (2) the value of \$60 per WADA, including the increased benefit cost of social security and retirement divided by the number of teachers, full-time nurses, full-time counselors, librarians and speech pathologists plus the value of a step on the 2008-2009 salary schedule.

The funds appropriated to HB 3646 were allocated to districts as a part of the State's foundation school program (FSP) funding and the state included it as part of the Governor's application for State Fiscal Stabilization Funds under ARRA funding that was available to states.¹⁷

¹⁷ To review Texas' application for State Stabilization Funds, visit <http://www.edgoblogs.org/duncan/2009/04/state-stabilization-fund-update/>

In addition to the funding provided through the FSP, a portion of the district's existing funding (\$27,773,615) was designated as ARRA funding. This is funding guaranteed to school districts by the available school fund (ASF), which in prior years was paid from available state funds. For the two fiscal years starting in 2009-2010, the state's guaranteed funding was included as part of the Governor's application for State Fiscal Stabilization Funds under ARRA. It should be noted that this allocation does not represent new funding; however, in order to comply with ARRA rules, the district must identify existing programs that will meet the criteria specified in the federal guidelines.

Both the FSP and ASF funds must be treated as grant funding and the district must apply for the funds in order to receive them. The district is required to account for these funds separately from the funds provided by the state through the FSP and ASF.

HISD's Board of Education will be asked to approve a budget amendment transferring these funds to the Special Revenue Fund and reducing the General Fund budget. As part of the application the district must submit to the state, HISD is encouraged to identify programs that will meet the new initiative created by the State, *Texas Steps Up*.¹⁸ TEA has identified 10 *Steps Up* activities within the four ARRA reforms that are of high priority to the State.

Districts that invest their available SFSF funds in these activities will be considered to have "stepped up" to the challenge to effectively address education reform in Texas. The effectiveness of the state's reform efforts and the state's success among peers will be based on district's commitment and progress toward furthering the four ARRA reforms. TEA is encouraging districts to consider these *Steps Up* activities in planning how to deploy the funds they shifted to ARRA. As a result of the Texas Steps Up initiative requirements, districts are not encouraged to fund the required raised under HB 3646 as part of the ARRA funding since they do not meet the spirit of the *Texas Steps Up* initiative. Therefore, it is expected that most districts will use current reform initiatives already included in their General Fund to meet the requirements of the *Texas Steps Up* initiative. The 10 *Texas Steps Up* activities are as follows:

<i>Texas Steps Up Activities</i>	
Provide technology and professional development to create 21st century classrooms	Establish and support a new professional development paradigm
Reward demonstrated effectiveness	Improve or replace human resources process and data systems
Provide resources necessary for languages other than English in the elementary grades	Build enhanced student information and assessment systems
Develop or expand prekindergarten or full	Restructure the traditional school schedule

¹⁸ For more information on the Texas Steps Up initiative, visit <http://www.tea.state.tx.us/stepsup.aspx>

Texas Steps Up Activities	
day kindergarten	and class size
Establish comprehensive teacher evaluation systems	Provide resources to establish and support online learning

Through 2011, any district that Steps Up and uses their total SFSF allotment to invest in one or more of the 10 *Texas Steps Up* activities will receive a “Steps Up” designation and be eligible for the following benefits:

Benefits of Participation in Texas Steps Up		
First Step	51% to 65% of your SFSF allotment	Additional priority points on any eligible TEA competitive discretionary grant
Second Step	66% to 80% of your SFSF allotment	Access to technical assistance resources to help with multiple program design and implementation
Third Step	81%+ of your SFSF allotment	Priority consideration for additional funding when ARRA funds lapse

The district has reviewed its budget and will be recommending the following programs currently budgeted in the General Fund for transfer to the Special Revenue fund ARRA grant.

HISD Initiatives	Texas Steps Up Activity	Amount
ASPIRE Performance Pay	Reward Demonstrated Effectiveness	\$29,620,000
High School Allotment	Restructure the traditional school schedule and class size	\$11,700,000
Reconstituted Teacher Pool	Restructure the traditional school schedule and class size	\$1,461,186
Targeted Assistance	Restructure the traditional school schedule and class size	\$4,135,841
Teacher Insight	Establish comprehensive teacher evaluation systems	\$207,000
Aspiring Principal Institute	Establish and support a new professional development paradigm	\$1,336,245
Advanced Virtual Academy @ Scarborough High School	Provide resources to establish and support online learning	\$325,000
Texas Connections Academy	Provide resources to establish and support online learning	\$3,200,000
Data Systems & Online Learning	Provide resources to establish and support online learning	\$3,121,868
Other Academic Programs		\$2,719,167
Total State Fiscal Stabilization Funding		\$57,826,307

IV. RACE TO THE TOP AND INVESTING IN INNOVATION GRANT FUNDS

U.S. Department of Education Secretary Arne Duncan announced that state education agencies (for Texas that would be the Texas Education Agency) may apply for \$4.35 billion in Race to the Top grants. As of September 1, 2009, draft rules governing how Race to the Top grants have been issued by the U.S. Department of Education and the official grants are expected to be released in the Fall of 2009 or early 2010. These funds will reward states that are creating the conditions for education innovation and reform. Specifically, four education reform areas were described in the ARRA and states working towards meeting those four education reforms will be looked upon favorably. Those four reform areas are:

1. Adopting internationally benchmarked standards and assessments that prepare students for success in college and the workplace
2. Recruiting, developing, rewarding, and retaining effective teachers and principals;
3. Building data systems that measure student success and inform teachers and principals how they can improve their practices; and
4. Turning around our lowest-performing schools.

In addition to these four reform areas, applications from states will be evaluated on the state achieving significant improvement in student outcomes, closing achievement gaps, improving high school graduation rates, and ensuring that students are prepared for success in college and careers.

Even though HISD cannot apply for these funds, it will be working closely with the Texas Education Agency during the development of the state's grant and with the district meeting the Third Step in the Texas Steps Up standard, it will place HISD in a favorable position to receive funds if Texas is a recipient of Race to the Top funds.¹⁹

An additional \$650 million was allocated to the Investing in Innovation Grant funds and the Obama administration is requesting \$100 million in its FY 2010 budget. Local education agencies (e.g., school districts and charter school districts) will be eligible to apply for these funds. Applications for the first round of grantees are expected to be available in late 2009 or early 2010.

HISD administration has had several "brainstorming" sessions the district could develop to apply for the Investing in Innovation grant. It also is a part of initial dialogue with various educational partners on working together to develop a collaborative proposal to submit to the U.S. Department of Education.

¹⁹ For additional information on Race to the Top Funds, visit <http://www.ed.gov/programs/racetothetop/index.html>

Some ideas that the district is exploring are:

- Developing an urban teacher training program in collaboration with high-performing charter schools, Rice University, Houston A+ and Teach for America
- Creating a comprehensive plan on how to turn-around low-performing and acceptable schools so that they become high-performing and students perform at higher college-ready levels
- Implementing a master teacher plan to better compensate high performing teachers and creating systems so that these teachers can impact more students
- Creating state-of-the-art career academies with business partners
- Developing schools and creating curriculum centered on the use of technology to improve student learning and engagement

Since the grant guidelines have not been issued, the district still is in the preliminary planning stage. Grant applications are expected to be released in late 2009 or early 2010.

V. SCHOOL CONSTRUCTION FUNDS

The tax-related provisions of the economic stimulus provide \$24.8 billion in bond authority to states and local governments for school infrastructure. The district is exploring the possibility of participating in the Build America Bonds (BAB) program, which is a new tax-credit bond option that allows issuers to pay taxable interest and receive a direct payment from the federal government equal to 35 percent of that taxable interest. Issuers can elect this option in lieu of a qualified tax-exempt bond issued in 2009, 2010, or 2011. Additionally, the proposal imposes no limitation on size, maturity, or other specific features.

The benefit of BABs to the district is that there may be opportunities to take advantage of lower interest costs.

The district will explore all opportunities, including BABs, in determining the vehicle to sell the remaining \$405 million of its voter authorized bonds.

VI. EQUIPMENT GRANTS PROGRAM

HISD has already been awarded \$168,028 from the Texas Department of Agriculture (TDA) for its Food Services Department that was made available in ARRA for schools participating in the National School Lunch Program. The goals of the equipment grants are to improve school food-services program infrastructure and provide an economic stimulus.

After reviewing the HISD grant application, TDA determined the \$168,028 will be used to equip 14 school campuses with a new single electric steamer. Schools were eligible if at least 50-percent of the students are eligible for free or reduced-price meals and there is a need to improve the overall energy efficiency and food safety of the campus food service operation. Each steamer will cost \$12,002 and will give the schools increased capacity to quickly prepare food in a healthy and safe manner.

The Board of Education accepted these funds during the August 13, 2009, meeting.

VII. TITLE II – EDUCATION TECHNOLOGY (ED TECH) FUNDS

The ARRA provided \$650 million in fiscal year 2009 for the Ed Tech program, which is authorized under Title II, Part D. The Ed Tech funds are a one-time source of funds that supplement the approximately \$265 million of Ed Tech funds made available under the regular FY 2009 appropriation.

The primary goal of the Ed Tech program is to improve student academic achievement through the use of technology in schools. It is also designed to ensure that every student is technologically literate by the end of eighth grade and to encourage the effective integration of technology with teacher training and curriculum development to establish successful research-based instructional methods.

TEA is expected to receive an estimated \$59,515,765 in Ed Tech funds. The ARRA stipulated that 50% of these funds be distributed to school districts based on students qualifying for Title I services and the remaining 50% be awarded on a competitive grant basis.

To date, TEA has not issued any guidance on Ed Tech funds. However, based on HISD's Title I student population, the district is expected to receive approximately \$2 million in Ed Tech funds.

Since the district will still receive Ed Tech funds in the FY 2009 appropriations, the district is developing a strategic plan on how best to use these one-time funds to supplement the technology program.

VII. TEACHER INCENTIVE FUNDS

The ARRA provided \$200 million for Teacher Incentive Funds (TIF) and applications are expected to be released in the fall 2009. The U.S. Department of Education will place a priority on the support of comprehensive, aligned approaches that support improved teacher and principal effectiveness and help ensure an equitable distribution of effective educators, that actively involve teachers (including special education teachers) and principals in the design of human capital and compensation systems, and that use data from emerging state and local longitudinal data systems to track outcomes and associate those outcomes with educator performance. In addition, the Administration is requesting language that would permit support for performance-based compensation to all staff in a school, because research indicates that this approach can be effective in raising performance across a variety of organizations. This proposed language would replace current language limiting performance-based compensation to teachers and principals.

HISD will pursue TIF funding. However, the district will wait for U.S. Department of Education to issue final guidelines on TIF funding before beginning to develop its application, as the application may require a different scope or area of concentration than previous TIF funding opportunities.