



Preparing to Take Advantage of New Programs in the American Recovery and Reinvestment Act

Considerations for Charter School Operators and Authorizers

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Current economic conditions have forced at least 40 states and the District of Columbia to enact or propose budget cuts in fiscal years 2008, 2009, and 2010.¹ Budget shortfalls, currently projected at more than \$350 billion during the next two years or more, could have serious consequences for elementary and secondary education, including charter schools. To offset deficits,² some states have proposed cutting per-pupil funding, reducing funding for grants targeted to helping high-needs students, or delaying payments to school districts. Foundations and businesses, which offer another source of education funding, may also be forced to limit the level of services and grants they provided prior to the economic downturn because of declining endowments.

Charter schools depend largely on public and private funding sources, so the declining economy is expected to have a significant effect on operating budgets, possibly forcing charter school leaders to serve fewer students, reduce school expansion plans, restructure operations to achieve current service levels at less cost, lay off teachers, cut back on services, or close schools. One charter school leader noted, “We have charters . . . in this economic downturn that are great charters but are not financially stable. I’ve had a conversation with one [school operator] who said, ‘I’m going to have to close a campus because the money isn’t there.’”

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Although the American Recovery and Reinvestment Act (ARRA) of 2009 is not a cure-all for these fiscal obstacles, the economic stimulus legislation can alleviate some of the budgetary burdens that charter school leaders are likely to experience in the next few years while the economy recovers.

¹ Nicholas Johnson, Phil Oliff, and Jeremy Koulisch, “Facing Deficits, At Least 40 States Are Imposing or Planning Cuts That Hurt Vulnerable Residents” (Washington, D.C.: Center on Budget and Policy Priorities, February 10, 2009), <http://www.cbpp.org/3-13-08sfp.htm>.

² Unlike the federal government, budget rules force states to maintain balanced budgets.

Identifying Funding Opportunities for Charter Schools

Some of the largest investments in the new legislation are in education-related programs. ARRA funding sources of interest to the charter school community include:³

- \$58 billion is included for the New Markets Tax Credits, Recovery Zone Bonds, Qualified School Construction Bonds, and Qualified Zone Academy Bonds, which can be used to finance charter school facilities.
- \$54 billion is included for state budget stabilization to help offset state-level cuts in education.
 - \$4.35 billion is allocated for State Incentive Grants that can be used to help close the achievement gap.
 - \$650 million is allocated for a discretionary Innovation Fund to support schools, non-profit organizations in partnership with schools, or local education agencies that have made significant progress in closing the achievement gap.⁴
- \$13 billion in Title I funds are targeted for local school districts and School Improvement Grants.
- \$12 billion in Individuals with Disabilities Education Act (IDEA) grants is intended to assist states and school districts with the costs of providing special education services.
- \$2 billion is included for Child Care and Development Block Grants to provide quality child care services for an additional 300,000 children in low-income families.
- \$2 billion is included for Head Start and Early Head Start to provide funds for early childhood services for low-income children.
- \$650 million is included for the Enhancing Education through Technology Program to provide funds for programs that aim to improve student achievement through the use of technology in elementary and secondary schools.

- \$200 million is included for the Teacher Incentive Fund to support efforts to develop and implement performance-based teacher and principal compensation systems in high-need schools.
- \$100 million is included to immediately provide capital to qualified community development financial institutions (CDFIs) to invest in the development of underserved communities. (CDFIs play a critical role in financing facilities for charter schools.)
- \$70 million is included for the Education for Homeless Children and Youth Grant to ensure homeless children and youth have equal access to the same education as other children and youth.

Getting Ready to Take Advantage of These Funds

The funding provided by ARRA represents significant short-term opportunities for shoring up state and local charter school budgets. Given significant competition for these funds within states, charter school leaders will need to be strategic in determining what funding sources, what types of investments, and what partnerships represent the greatest opportunities. Following are general considerations to take into account when applying for ARRA funding.

1. **Think Strategically About the Funding Options.** Meet with key policymakers and stakeholders, including your school's advisory board or board of directors, to review school finances. Identify priorities reflected in your school's mission and goals in the context of funding opportunities included in the economic stimulus legislation. Although it may be tempting to chase all relevant funding opportunities, careful matching between your school's goals and focus and new funding announcements will increase your school's chances of accessing competitive discretionary funds or strengthening partnerships with state agencies that administer formula grant funds.

³ Funding provided in the economic stimulus legislation is in addition to normal funding allocations for these programs. The hyperlinks in this section tie readers to the specific programs listed in the Federal Funding Catalog of the National Resource Center on Charter School Finance and Governance. The catalog provides information on program eligibility, uses of funds, and funding history.

⁴ National Alliance for Public Charter Schools, <http://www.publiccharters.org/files/publications/ARRA%20-%20State%20Stabilization%20Fund%20Overview%203.pdf>.

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2. **Build on School Successes.** Review past successful grant applications and proposals and ensure evaluation and outcome data are up to date. The school's ability to demonstrate a track record of academic success and financial solvency and sustainability will likely be a key component of successful applications. Gather data from your school and begin to create short, compelling narratives describing positive outcomes for both your students and your community.⁵
3. **Secure Help with Grant Writing.** Consider contracting with an experienced and knowledgeable grant writer. A grant writer can help your school quickly write a compelling application to respond to requests for proposals. Meet with a grant writer prior to the announcement of funding opportunities so you can provide background information on your school, provide existing documents and data that will likely be needed to complete applications, and provide time for the writer to visit your school to gain personal knowledge of your students, staff, curriculum, infrastructure needs, and overarching goals. Regardless of whether the grant writer is freelance or in house, this individual must be familiar with the grant proposal processes of the federal government. Examples of successful grant applications for U.S. Department of Education funding can be found at <http://ed.gov/about/inits/list/fbci/grants2.html>.
4. **Prepare Electronically.** Create an electronic grants application account. For federal funding through the U.S. Department of Education, the portal for electronic grants is found at: <https://e-grants.ed.gov/>. For federal grants through other departments, such as the Department of Treasury or the Department of Health and Human Services, the portal is found at <http://www.grants.gov/>. Applications for federal discretionary grants must be made through the electronic grants system. Applicants must have an active account on the system to apply. Allow time for the processing of your application; the Grants.gov site indicates that "the registration process for an Organization or an Individual can take between three to five business days, or as long as two weeks." Moreover, the system occasionally experiences difficulty during times of increased demand.
5. **Collaborate with State and Local Entities.** Tap preexisting relationships with local school districts, state departments of education, state charter school associations, community development financial institutions and local banks, and community-based and faith-based organizations. Schedule strategic meetings to discuss funding opportunities. Inform key partners that your school will be well-positioned to apply for grant funding as a partner, collaborator, or sub-grantee and consider reserving time on key staff people's calendars to develop proposal components, including letters of support.
6. **Get Information on Funding Opportunities.** Consult the newsletters and websites of intermediary and advocacy organizations and monitor the *Federal Register* for information on funding opportunities and grant announcements.

While the economic downturn has increased concerns about charter schools' ability to sustain themselves through difficult times, the administration has indicated strong support of charter schools as a strategy to improve educational opportunities for some of the nation's most at-risk students. Charter school leaders who think strategically about their institutional needs can benefit from the American Recovery and Reinvestment Act of 2009.

⁵ For more grantwriting tips, see Michelle Ganow Jones, *Getting the Grant: A Guide to Securing Additional Funds for Afterschool Education and Safety Programs* (Washington, D.C.: The Finance Project, August 2007), http://www.financeproject.org/Publications/FINA_GrantwritingGuide.pdf.

Helpful Web Site for Tracking ARRA Information

- U.S. Department of Education at <http://www.ed.gov/policy/gen/leg/recovery/index.html>
- American Recovery and Reinvestment Act at www.recovery.gov
- National Alliance for Public Charter Schools at <http://www.publiccharters.org/>
- U.S. BudgetWatch at <http://www.usbudgetwatch.org/stimulus>.

National Resource Center on Charter School Finance and Governance

The National Resource Center on Charter School Finance and Governance was established in fall 2006 with funding from the U.S. Department of Education's Office of Innovation and Improvement (Grant No. 0282N060012) under the Charter Schools Program National Leadership Activities Grant Program. The National Resource Center (NRC) develops and disseminates tools, information, and technical assistance to help charter leaders at all levels—operators, authorizers, and state policymakers—take steps to improve charter school finance and governance.

For more information, visit the NRC website at www.CharterResource.org or e-mail the center at info@charterresource.org.



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