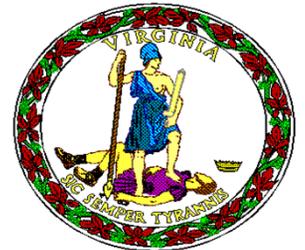


Education Jobs Fund Update

House Appropriations Committee
October 18, 2010
Susan Hogge
House Appropriations Committee Staff





Education Jobs Fund

- The Education Jobs Fund legislation provides additional stimulus funding to school divisions for the support of local teacher (and other school-level personnel) salary and related costs at the early childhood, elementary, and secondary school levels
 - Signed into law on August 10, 2010, as H.R. 1586; P.L. 111-226
 - States apply to USED within 30 days of enactment
 - http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1586enr.txt.pdf
- Funding is allocated to individual states using the same formula as the previously adopted federal stimulus funds: 39 percent general population and 61 percent school-age population
- Funds will be awarded to states with approved applications within 45 days of enactment
 - Virginia submitted its application on September 8, 2010 and was approved on September 14th
 - USED anticipates awarding funds within two weeks of the submission of an approvable application
- Unlike the FMAP extension, the Education Jobs Fund was not contemplated during the 2010 session, consequently no contingencies were made for receipt of these funds
 - Under §4-1.04 of the Appropriations Act, the Governor has sufficient authority to appropriate the nongeneral funds necessary to participate in the federal Education Jobs Fund program, and no action would be required of the General Assembly



Summary of Key Provisions and Requirements

- Total funding awarded equals \$10 billion
 - Virginia's allocation is \$249.5 million
- A two percent administrative set aside may be reserved by states
 - Virginia has reserved \$71,008 for costs related to VDOE administration of the program
- Funds are available on a one-time basis only
 - It is critical that school divisions' planning for the use of these funds reflect the one-time availability



Summary of Key Provisions and Requirements

- Funding must be distributed to school divisions on the basis of the “primary elementary and secondary formula” or a school division’s relative share of funds under the Title I-A program for the most recent fiscal year
 - Virginia is using the first methodology – allocations to the school divisions is based on a proration of the direct aid funding budgeted for FY 2011 in Chapter 874
 - Same formula used from earlier stimulus funding
- While the emphasis is on using the federal funds during the 2010-2011 school year, any balance may be obligated by divisions through September 30, 2012 – which will be their 2011-2012 school year



Use of Funding

- Under the legislation, funds may only be used for:
 - Compensation and benefits and other expenses, such as support services, necessary to retain existing employees that provide school-level services regardless of where they are housed
 - Recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services
 - Employees for which the funds are used must be employees of the division or contractual employees of another school division, but not external contractors or consultants not employed by a school division
 - Funds may not be used by school divisions for general administrative expenses or for other support services expenditures meeting federal definitions



Use of Funding

- School divisions have the sole discretion on how funds will be spent within the allowable parameters
 - Governor is prohibited from directing school divisions on how to allocate or spent funding
 - There is no priority as to how a school division must spend their allocation:
 - For example - rehiring laid-off personnel prior to providing any salary adjustments to existing employees or hiring new employee or restoring salary reductions related to furlough
- Funds will be available to reimburse qualifying expenses effective August 10, 2010 (date of enactment)
 - Funding awards must be made to school divisions in a timely manner for use during 2010-2011



Issue of Supplanting

- Specific language in the legislation prohibits any state from using their allocation to directly or indirectly:
 - Establish, restore, or supplement a rainy-day fund
 - Reduce or retire debt obligations incurred by the state
- However, there is no particular guidance or ruling from the USED that would preclude a state from supplanting its public education funding as long as the MOE is maintained through the end of FY 2011
 - Virginia's MOE funding levels for FY 2011 are:
 - K-12 @ \$5,124.8 million
 - H.E. @ \$1,477.5 million
 - There is no MOE requirement for FY 2012
- Localities would also be able to supplant local funding as long as their required local effort of spending for K-12 programs is maintained
- Any revisions to a state's FY 2011 spending totals submitted on its application will need to be approved by USED
 - Typically, Virginia will have mid-year adjustments to SOQ spending due to changes in student membership and program participation levels which will necessitate revising the submitted application