

Education Jobs Fund Program

State Guidance to Local Education Agencies

August 24, 2010

Education Jobs Fund Act of 2010

Iowa Department of Education
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If you have questions or grievances related to compliance with this policy by the Iowa Department of Education, please contact the legal counsel for the Iowa Department of Education, Grimes State Office Building, 400 E 14th St, Des Moines IA 50319-0146, telephone number 515/281-5295, or the Director of the Office for Civil Rights, U.S. Department of Education, 111 N. Canal Street, Suite 1053, Chicago, IL 60606-7204.

Overview: The Education Jobs Act of 2010

Principles: The Education Jobs Fund (Ed Jobs) program is a new Federal program that provides \$10 billion in assistance to States to save or create education jobs for the 2010-2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education at the school building level. Iowa's allocation is \$96,490,048.

The fund was established to quickly repair cuts to educational staff at the level closest to the child. The intent of the legislation is to quickly address cuts made to educational staff for the state fiscal year 2011 (2010-11 school year).

1. What is the Education Jobs Fund (Ed Jobs) program?

The Ed Jobs program is a new, one-time appropriation of \$10 billion that the U.S. Department of Education (USDE) will award to Governors and States to help stabilize state and local budgets in order to minimize and avoid reductions in staff members that provide education to students. Because Iowa successfully submitted both Phase I and Phase II applications under the ARRA Fiscal Stabilization Fund Program, access to this funding was streamlined. All existing assurances and provisions made under the ARRA Fiscal Stabilization applications apply to this funding as well, with a few exceptions that will be detailed in this document.

Iowa has benefitted greatly from high levels of support from the Governor and legislature over the last few years and is positioned to move forward with commitments to ensure maximum use of funds available to support education and educators in Iowa.

2. What assurances does a State make in relation to accepting Ed Jobs Funds?

As part of its application for Ed Jobs funding, a State must assure that it will:

- Continue to meet the assurances made in ARRA
- Meet Maintenance of Effort (MOE) requirements in the Ed Jobs bill
- Distribute funding in state fiscal year 2011
- Apply all ARRA reporting and accountability provisions to the use and distribution of Ed Jobs funds.

3. What is the process for awarding Stabilization funds to Governors?

The U.S. Department of Education (USDE) will award Stabilization funds to Governors rapidly. The USDE has assured states that a decision on submitted applications will be made within two weeks of submission and that funds will be made available for distribution quickly after approval of the application.

Iowa has already submitted its application. Iowa intends to use the state aid formula to calculate distributions for each school district. Iowa will capture only 0.2 percent of the maximum 2 percent set-aside to defray costs to manage the program. All other funds will be distributed in state fiscal year 2011 (2010-11 school year) concurrent to the state aid payment schedule. The intent is to begin this distribution in September, but that will depend on how quickly the USDE makes these funds available. If funds are not available for the September state aid payment, school districts will receive a double payment in October, then revert to the regular payment schedule for the rest of the fiscal year.

This means school districts will receive four state aid distributions on the state aid payment schedule: 1) regular state aid, 2) ARRA SFSF Education Fund distribution; 3) ARRA SFSF Government Services Fund distribution, and 4) Education Jobs distribution. Account coding for the SFSF Government Services distribution and the Ed Jobs distribution will be made available once they are established.

Allocations: Education Jobs Fund

(\$96,490,048 total)

Please go to the Iowa Department of Education web site

(http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=2028%3Aeducation-jobs-fund-ed-jobs&catid=48%3Aschool-business-a-finance&Itemid=1) for FY11 Ed Jobs allocations to LEAs through the primary funding formula.

1. How did the USDE determine the allocation for each state under the Ed Jobs program?

The USDE determined the allocation of each State by formula on the basis of (1) its relative population of individuals who are aged 5 to 24, and (2) its relative total population.

2. To which entities does the Governor make awards under the Ed Jobs Fund?

The Governor makes awards under the Ed Jobs Fund only to local educational agencies (LEAs). The Governor may retain any portion of the Ed Jobs Fund for State purposes and will retain only 0.2 percent of the maximum 2 percent set-aside for administration of the program.

3. Must an LEA submit an application to the State in order to receive funding under the Ed Jobs Fund?

No. Any application or assurances submitted as a part of the original ARRA Fiscal Stabilization Fund program will be used for this fund as well.

4. May an LEA deposit funding received from the Stabilization fund in their general fund account?

Yes, but if the account used to deposit funds is interest-bearing, restrictions on earning interest on federal funds apply. The district would be responsible for the reimbursement to federal government of any interest accrued on these funds. The pertinent federal regulation is included below:

Per 34 CFR Subtitle A (7-1-03 Edition) Section 80.21(i) Authority: 20 U.S.C. 3474; OMB Circular A-102, interest earned on Federal advances deposited in interest bearing accounts shall be remitted annually to the US Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Please note the CFDA number to which the interest earned applies. On each CFDA number, if the amount of interest earned is **\$100** or less annually, that amount may be retained by the recipient for administrative expense.

5. What is the period of availability of Ed Jobs fund?

The Ed Jobs program fund will be completely distributed to subrecipients during the 2010-2011 school year. The funds are available for obligations that occur as of August 10, 2010 (the date of enactment of the Act). An LEA has through September 30, 2012 to spend the funds. This period includes the additional year of fund availability authorized under the Tydings Amendment (Section 421(b)(1) of the General Education Provisions Act (GEPA), 20 U.S.C. 1225(b)(1)).

Use of Funds: Ed Jobs Funds by LEAs

The federal guidance on the use of Ed Jobs funds and other provisions can be found at the following website:
<http://www2.ed.gov/programs/educationjobsfund/applicant.html>

1) For what purposes may an LEA use Ed Jobs funds?

Subject to the limited statutory prohibitions described below, Ed Jobs authorizes an LEA to use Ed Jobs funds for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services at the school building level.

2) Which employees may and LEA support with Ed Jobs funds?

The intent of the legislation was to repair cuts to building level staff. An LEA may use the funds to pay the salaries of teachers and other employees who provide building-level educational and related services. In addition to teachers, employees supported with program funds may include, among others, principals, assistant principals, school administration managers (SAMs), academic coaches, in-service teacher trainers, classroom aides, counselors, librarians, secretaries, social workers, psychologists, interpreters, physical therapists, speech therapists, occupational therapists, information technology personnel, nurses, athletic coaches, security officers, custodians, maintenance workers, bus drivers, and cafeteria workers.

3) May an LEA use funds for salaries even if it did not reduce personnel in FY11?

Yes, the purpose of the funding is to save or create education jobs for the duration of the funding.

4) What are the statutory prohibitions on an LEA's use of Ed Jobs funds?

Ed Jobs prohibits an LEA from using Ed Jobs funds for:

- General Administrative expenses, including district- and regional-level personnel.
- Debt retirement or rainy-day funds
- Unemployment benefits
- Program or other expenditures other than personnel

5) Are the Ed Jobs funds that the Governor awards to LEAs through the State's primary funding formulae considered to be State funds, subject to the requirements that generally apply to funds awarded under those formulae?

No. State funding formulae are used solely as the mechanism to determine the amount Ed Jobs funds that each LEA will receive. The Ed Jobs funds are Federal funds, and the ARRA, the Federal laws referenced in III-D-1, and other applicable Federal requirements (such as the OMB cost principles) govern their uses. This means they are considered miscellaneous income for subrecipients in Iowa.

6) May an LEA use Ed Jobs funds to change previously established employee salary schedules or related activities?

Yes. An LEA may use Ed Jobs funds, for example, to restore reductions in salaries and benefits and to implement salary increases for the 2010-2011 school year. In addition, an LEA may use the funds for any additional salary and benefits costs associated with the elimination of furlough days that had been scheduled for the 2010-2011 school year. An LEA may not use Ed Jobs funds to compensate employees for any period prior to August 10, 2010, the date of enactment of the Act.

7) May an LEA use Ed Jobs funds to pay the compensation and benefits of individuals who provide building-level services but are not employee of the LEA?

No. An LEA may not use the funds to pay for contractual school-level services by individuals who are not employees of an LEA (e.g., janitors employed by an outside firm).

8) May an LEA use Ed Jobs funds to meet previously unmet pension fund liabilities?

No. An LEA may not use Ed Jobs funds to meet pension obligations incurred in prior school years. However, an LEA may use its funds for pension obligations accruing on the basis of services that an employee performs during the 2010-2011 school year (and 2011-12 school year if funds are carried forward).

9) May an LEA use Ed Jobs funds for modernizing, renovating, or repairing public school facilities?

No.

10) May an LEA use Ed Jobs funds for construction activities that are not considered to be modernization, renovation, or repair?

No.

11) May an LEA use Ed Jobs funds to supplement or restore its local “rainy day” fund rather than use the funds for specific purposes?

No.

12) May an LEA use Ed Jobs funds to pay down past debt?

No.

13) How long does an LEA have to obligate its Ed Jobs funds?

An LEA may use Ed Jobs funds for local obligation through September 30, 2012.

Reporting: Ed Jobs Reporting Requirements

Quarterly reporting is required of all Ed Jobs fund recipients starting September 2010 (December 2010 if fund distribution starts in October). The current State ARRA reporting system will be used by all LEAs for Ed Jobs reporting as well. Reporting will include data on jobs created, jobs saved, uses of funds, and amount of funds expended.

1. How must entities that receive Ed Jobs funds track those funds?

The State and its LEAs must maintain records that separately track and account for Ed Jobs funds. In accordance with the requirements of section 443(a) of GEPA (20 U.S.C. 1232f (a)), the State and its LEAs must maintain records that will facilitate an effective audit and demonstrate that the funds were used in compliance with applicable requirements.

2. Do the reporting requirements under section 1512 of ARRA apply to Ed Jobs funds?

Yes. Under section 101 of the Act, a State and its LEAs must fulfill the reporting requirements under section 1512 of ARRA. Specifically, the State will submit quarterly reports on its own behalf and on behalf of its LEAs that describe, among other things, how those funds were used. For additional information on section the 1512 reporting requirements, see www2.ed.gov/policy/gen/leg/recovery/section-1512.html.

Resources:

Education Jobs Act (Ed Jobs) Iowa Department of Education

http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=2028%3Aeducation-jobs-fund-ed-jobs&catid=48%3Aschool-business-a-finance&Itemid=1

Education Jobs Fund Act of 2010 U.S. Education Department

<http://www2.ed.gov/programs/educationjobsfund/index.html>

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