



DEPARTMENT OF EDUCATION

School Finance Team

MEMO

To: Business Managers, Superintendents

From: Brad James
Education Finance Manager

Re: Education Jobs Fund

Date: January 11, 2011

In response to many questions, this is a preliminary overview on the Education Jobs Fund as authorized by federal Public Law 111-226. Title I of P.L. 111-226 is the Education Jobs Fund (EJF) and discusses state allocation options, allowable and prohibited uses by the school districts (local education agencies – LEAs) and reporting requirements. Also attached is the initial guidance released by US ED on August 13, 2010. References to the guidance will be in the format of “letter – number” in parentheses (e.g., (A-1)). The authorizing language may be found in Appendix A of the guidance.

Timing

Federal law mandates that the EJF money be made available to LEAs in FY2011, the 2010-2011 school year (A-1). The money will be available for use through September 30, 2012 (A-5). At this time, I am unable to give you an approximate date when the funds will be made available to the LEAs.

Recommended Intent

The following discussion on the use of these funds is as we understand the intent today. At the December 22, 2010 press conference, when then Governor-elect Shumlin said he would recommend the Challenge for Change targeted reductions not be made mandatory, he also stated his intent to recommend using the EJF funds as a bridge to achieve those goals of reduced education spending for the long-term. He was joined in his statements by the Speaker of the House, the then Senate Pro Tem-elect, the commissioner of education, and the executive directors of the VSA, the VSBA, and the VPA. The stated intent may change as the Legislature may choose to opt for a different use of these funds, although I have heard no such discussions so far.

Award

When the EJF funds are made available, it will be as a grant award, not as a check. This will be a reimbursement process where an SDE 1.1 notifying DOE of allowable expenditures will be required prior to the release of funds. US ED requires DOE to monitor LEAs for compliance with all requirements (B-2), so documentation supporting allowable expenditures is required and will need to be submitted to DOE prior to release of the final funds. Federal guidance (F-2) states the LEAs will maintain records that separately track and account for the EFJ funds in a manner that will facilitate an audit and that the funds were used in compliance with applicable requirements.

Allowable Uses

The purpose of the EJF funds is for LEAs to retain, recall, rehire, or hire new school level employees (D-1). School level employees are defined as those employees providing “school-level educational and related services” (D-3).

Funds may be used for “compensation and benefits and other expenses, such as support services”. Eligible expenditures include salaries, benefits, health insurance, and retirement benefits among others (D-2).

Prohibited Uses

EJF funds may not be used on superintendent’s office personnel or school boards (D-4). Federal guidance clearly states positions classified under function 2300 may not be funded by EJF. We also recommend not funding positions classified as function 2500.

Required Reporting

As noted previously, LEAs are required to submit documentation supporting the expenditures of the EJF funds. The law also requires reporting as under ARRA (P.L. 111-5). Reporting requirements will also include the number of personnel impacted by the EJF program (F-3, F-4).

The recommendation to use these funds as a bridge to decrease education spending in the long run is somewhat complicated by the requirement to use the funds by the end of September 30, 2012. A district may choose to use the federal funds in FY2011 and end the year with a fund balance. These funds may then be carried over to use throughout FY2013 as the surplus will not be federal money.

I will keep you abreast as decisions are made and information becomes available. In the meantime, please contact me if you have questions.

Brad

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