

## Frequently Asked Questions

### American Recovery and Reinvestment Act of 2009 (ARRA): State Fiscal Stabilization Fund (SFSF) Funds

August 11, 2009 - FAQ I  
August 19, 2009 - FAQ II  
August 24, 2009 - FAQ III  
August 25, 2009 - FAQ IV  
September 3, 2009 - FAQ V  
September 8, 2009 - FAQ VI  
September 11, 2009 - FAQ VII  
September 21, 2009 - FAQ VIII  
September 30, 2009 - FAQ IX  
October 2, 2009 - FAQ X\*

### Table of Contents

**Important Updates in Guidance .....	2
SCHOOL FINANCE .....	2
SALARY INCREASE .....	4
STATE FISCAL STABILIZATION FUND FUNDS .....	8
USES OF STATE FISCAL STABILIZATION FUND FUNDS .....	9
FEDERAL SPENDING RULES .....	15
TEXAS STEPS UP .....	16
APPLICATION FOR STATE FISCAL STABILIZATION FUND FUNDS .....	19
TRACKING AND ACCOUNTING OF STATE FISCAL STABILIZATION FUND FUNDS .....	25
AMERICAN RECOVERY AND REINVESTMENT ACT SECTION 1512 REPORTING .....	28
TEACHER RETIREMENT SYSTEM AND STATE FISCAL STABILIZATION FUND FUNDS .....	31
CONTACT INFORMATION .....	33

---

\* Asterisks indicate questions that are new in this version of the FAQs. As updated versions of the SFSF FAQs appear, any changes made to existing questions or answers because of an update in United States Department of Education (USDE) guidance will be indicated with the addition of new language and the striking through of old language.

## **\*\*Important Updates in Guidance**

Although districts are not required to submit a needs assessment, they should have in their district and campus improvement plans how they plan to use the State Fiscal Stabilization Fund (SFSF) funds. Districts may have to respond to financial review of the SFSF funds from auditors in the future. In the plans, district should discuss what they are doing with the funds and how these resources/staff will meet the needs of students.

Pre-award costs are costs the district incurred from February 17, 2009, through the later of September 1, 2009, and the date the local education agency (LEA) submits the **SFSF application** that the LEA wants to cover using SFSF. The costs should meet one of the four reform objectives and must be specifically requested in the SFSF application **on both the PS3410 and the SFSF pre-award costs attachment.**

## School Finance

**1. Q. Is it true that the formulas are designed in such a way that when the federal money goes away, state money will pick up the difference (in 2011 and beyond)?**

A. Yes. The state's Foundation School Program (FSP) formulas will not change after the state no longer has stimulus funding. The FSP formulas will continue to form the basis of school districts' FSP entitlements.

**2. Q. Are salary increases a one-time increase, or will there be increments for each year in the same amounts?**

A. The salary increase required in 2009–10 must be maintained in 2010–11. An additional increase is not required in 2010–11.

**3. Q. Will charter schools that will not be receiving funds through the FSP but through a charter school formula have to keep maintenance of effort (MOE) records if funds are used for teacher raises?**

A. Charter funding is based on FSP formulas. The same rules that apply to school districts apply to charters.

**4. Q. Why are there separate Foundation School Fund (FSF) and Available School Fund (ASF) per Capita notice of grant award (NOGA) amounts?**

A. The \$962 million represents only the FSP portion of the NOGA. The remaining approximately \$663 million is the ASF per capita portion. The *Summary of Finances (SOF)* report shows two new line items:

SFSF - Foundation School Fund Grant

SFSF - ASF per Capita Amount

The first item relabels the item previously labeled "Amount Transferred to NOGA." This amount represents the formula gains that resulted from the passage of House Bill 3646 (HB 3646).

The second item identifies the amount of the ASF distribution that will be paid with SFSF funds. The ASF is typically made up of earnings from the Permanent School Fund (PSF) and a portion of the state's motor fuels tax. The PSF did not produce enough earnings to provide a distribution to the ASF for this biennium. The state instead funded the ASF with what it could through the motor fuels tax and appropriated stabilization money in Article XII of the General Appropriations Act to make up the remainder. The portion of the ASF that will be paid from SFSF funds will be included in the NOGA.

Districts will be able to apply for both items as a combined amount in the SFSF application. The amount for which districts will apply this fall reflects only the entitlements for 2009–10. The allocations for 2010–11 will be announced in the summer of 2010, when local education agencies (LEAs) will have to reapply.

**5. Q. Part of the identified funds associated with SFSF funds for each district seems to be a calculation of gains in funding resulting from the new formulas in HB 3646. Will the amount of the ARRA grant remain at the currently identified amounts, or will it change throughout the year?**

A. No. The federal SFSF funds calculation will not change. All changes in FSP calculations, including settle-up, will be made against state FSP dollars.

**6. Q. Does the full amount of SFSF funds, if it is larger than the computed formula gains from the passage of HB 3646, come out of the state funds identified in the FSP SOF report?**

A. The full amount of the SFSF funds includes both the computed formula gains and a portion of the district's ASF distribution. Any settle-up of FSP entitlements will be made against state FSP funds.

**7. Q. In adopting its 2009–10 budget, can a district adopt a budget that treats the "Transfer Amount to NOGA" as general fund and then amend the budget once the NOGA amount is issued and the specific amount is identified? Must a district exclude the amount currently identified as "Transfer Amount to NOGA" on the "Preliminary" SOF report for 2009–10 from its general fund budget?**

A. A district may adopt its 2009–10 budget with the SFSF funds included and then do a budget amendment once the numbers are confirmed.

**8. Q. Is there any settle-up for the uniform amount of pay increase required by statute? Does a district have to recompute the uniform amount at the end of the year based on final weighted average daily attendance (WADA) and then settle up with the affected employees?**

A. Districts should base their local schedules on a reasonable estimate of WADA for the 2009–10 school year. This estimate should be the same estimate of WADA that is used

for other budget planning purposes. The Texas Education Agency (TEA) will not require a settle-up as part of the oversight of SFSF funds. Districts may choose to include a settle-up in their employment contracts but are not required to.

**9. Q. What is the schedule for regular FSP payments and for SFSF funds?**

A. Districts will receive their state-funded FSP allocation as usual, according to their payment class. Applications for the SFSF funds will be reviewed and approved on a rolling basis. Starting September 1, as applications are approved, districts can begin drawing down SFSF funds according to federal grant guidelines through the automated expenditure reporting (ER) system based on the NOGA.

**10. Q. Do we have to track the HB 3646 and ASF amounts separately (from the ARRA Title XIV State Fiscal Stabilization Fund spreadsheet)?**

A. No. These amounts will be combined into one SFSF NOGA amount, which will need to be tracked separately from all other funding sources, as with any grant.

## Salary Increase

**1. Q. Could you clarify what salary schedule administrators are to be tied to regarding the Teacher Retirement System of Texas (TRS) Above Stat Min?**

A. Use the 2008–09 state minimum salary schedule (MSS). ~~This issue is currently under review.~~

**2. Q. May our district include benefits (district portions of TRS contribution, Medicare, insurance, workers' compensation, etc.) as part of total salary for purposes of SFSF funds?**

A. Yes. Benefits associated with an employee's salary are an allowable expenditure of SFSF funds.

**3. Q. Our district received a recognized status, and all teachers were given a \$250 bonus. Can we count this?**

A. No. The mandate required under HB 3646 is for a monthly pay raise, not a bonus.

**4. Q. Are we to use the ~~updated~~ current state MSS for administrators instead of the 1995 schedule?**

A. Yes. ~~This issue is currently under review.~~

**5. Q. Our district uses the state MSS. Our school board approved a \$1,000 raise before passage of HB 3646. Will that satisfy the requirement for the \$800 increase, or do we need to increase \$800 above the \$1,000 previously approved?**

A. Your district still must go through the \$60/WADA calculation to determine whether the \$1,000 raise meets the requirements in law. If a locally determined increase of \$1,000 meets or exceeds the requirement of HB 3646 for an increase in 2009–10 over what an eligible employee would have been paid in 2008–09, the state requirement would be satisfied. Your district must also consider whether local policy or contract terms may entitle employees to more than the statute requires.

**6. Q. If our district chose to do the lump sum option for teacher pay raises, would that lump sum portion be subject to TRS reporting requirements, and would it be reflected on the TRS MD 40 record?**

A. The TRS considers the SFSF funds a state grant, so your district will follow its normal reporting procedures for state funds when reporting to the TRS.

**7. Q. Since HB 3646 mandates the minimum \$800 plus a step, can the cost of the step increase be coded to SFSF funds without the requirement of time and effort documentation?**

A. Yes. The step increase may be coded to SFSF funds, but the semiannual certification will still apply. Time and effort documentation requirements do not apply to SFSF funds.

**8. Q. Given that a district doesn't have to change its local salary schedule, is it true that they still have to pay the \$80/month or \$60/WADA above the 2008–09 salary even though the local salary schedule was already above the state MSS?**

A. Yes. The pay raise under HB 3646, which is the greater of \$80 per month or \$60/WADA, is still required even if your district's salary schedule is above the MSS.

**9. Q. The salary increase is not recommended as an allowable use of SFSF funds. Would other salaries (not just the increase under HB 3646) be recommended?**

A. The intended purpose of all of the ARRA funds is to save and create jobs as well as improve education through four key reform areas:

1. Making progress toward rigorous college-and-career-ready standards and high quality assessments that are valid and reliable for all students, including English language learners and students with disabilities;
2. Establishing pre-K to college and career data systems that track progress and foster continuous improvement;
3. Making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need; and
4. Providing intensive support and effective interventions for the lowest performing schools.

Districts may choose to add jobs to meet one or more of the reforms. This specific activity would have to be entered into the SFSF application. However, LEAs should be

mindful of the stringent tracking and accountability requirements under the ARRA when SFSF funds are used for salaries.

**10. Q. When will the TEA formally announce that districts must award the pay raise described in HB 3646?**

A. The announcement has been made. Please see the "To the Administrator Addressed" letter at the following link: <http://ritter.tea.state.tx.us/taa/eqs080609.html>.

**11. Q. How will this increase impact local salary schedules, if at all?**

A. As long as eligible employees are paid the minimum amounts required by state law, including the pay increase mandated by HB 3646, there is no requirement to change a local salary schedule.

**12. Q. What will happen to this mandated salary increase if there are no stimulus funds available next session? Will districts still be required to provide the salary increase?**

A. Yes. Once the stabilization funds are gone, a district must continue the salary increase in the 2010–11 school year and beyond. However, the state's FSP formulas will not change after the state no longer has stimulus funding. The FSP formulas will continue to form the basis of school districts' FSP entitlements.

**13. Q. If a district uses SFSF funds to pay for the mandated raise for only Title I campuses, will there be any additional "detailed record keeping" required for those teachers beyond what the district is already recording for Title I?**

A. Yes. All SFSF funds must be tracked and reported separately. As we receive guidance from the USDE, the TEA will post further guidance on the TEA ARRA website. Please refer to the ARRA Reporting Requirements section in the Program Guidelines for the SFSF application for more information on tracking funds and reporting.

**14. Q. If our district intends to award a larger pay increase than the uniform amount under HB 3646 or award a pay raise to staff not included in the HB 3646 pay raise, can it pay for the additional amount from fund 266 or SFSF funds?**

A. Yes. As long as the use of the SFSF funds falls under one of the authorized activities outlined in the ARRA, your district may use SFSF monies to award a larger pay increase than the one required under HB 3646 or to fund a pay increase to other staff not covered by the state's MSS.

**15. Q. Will the TEA update the state salary schedule to reflect the increase?**

A. The state MSS will not change; however, it will be annotated to describe the requirements to deliver the pay raise. School districts will be responsible for the TRS contributions associated with the pay raise. ~~Yes. However, the salary schedule will be~~

~~updated for only the minimum \$80 increase. Districts will have to calculate whether a larger increase based on \$60/WADA is required locally.~~

**16. Q. How can the salary increase required under HB 3646 be paid?**

- A. An eligible employee is entitled to a "monthly" salary increase. There is no basis for delaying payment of the increase until the end of a semester or school year; the amount should be added to each monthly check.

Some districts have asked if they can pay the increase up front at the beginning of a semester. That is permissible as long as the district follows the constitutional procedures to determine a public purpose and ensure that unearned portions would be reclaimed if a teacher left the district.

Districts that spread payments for a 10-month contract over 12 months should proportionately reduce the salary increase in the same manner as they do the base salary. Employees who actually work an eleventh or twelfth month are entitled to the required increase for each extra month worked.

**17. Q. If a new teacher is hired, is the teacher entitled to the required salary increase under HB 3646? What about a teacher who is new to the profession?**

- A. Yes. A district is required to determine what the teacher would have been paid under the policies in effect during the 2008–09 school year and pay the new teacher the same amount that the teacher would have been entitled to, plus the required salary increase. The same requirement applies to teachers who are new to the profession. The raise is applicable to the salary/hiring schedule, not to individual employees. The requirement to pay the increase above the 2008–09 salary schedule applies to employees during the next two years (2009–10 and 2010–11). Employees who continue to be employed at the school district must continue to receive at least the pay they receive in 2010–11.

**18. Q. If SFSF funds are used for salary, is time and effort required?**

- A. No. Time and effort requirements do not apply.

~~At this time, the TEA's understanding is that a salary increase would be a "single cost objective" under the federal cost principles and therefore time and effort requirements would be met by completing semiannual certifications for these employees.~~

~~If the SFSF are used to pay an employee's entire salary, the employee can meet time and effort requirements by completing semiannual certifications.~~

~~If the employee was split-funded before and continues to be split-funded, time and effort requirements still apply.~~

## State Fiscal Stabilization Fund Funds

**1. Q. As our district spends the SFSF money, will we have to wait to get reimbursed for it on a quarterly basis, or can we be reimbursed semimonthly?**

A. Once your application is approved, your district may draw down funds in accordance with federal guidelines—either as a reimbursement for allowable expenditures already incurred or for expenditures that your district will make within three days of the drawdown.

**2. Q. If we have projects in the 2009–10 year that exceed the funds, can that amount be carried forward into the 2010–11 year; i.e., will backdating be allowed next year, as it is for this current year?**

A. No.

**3. Q. When do the final expenditures for the grant end?**

A. All SFSF funds must be expended by September 30, 2011.

**4. Q. Can districts choose not to apply? Is the pay raise still mandatory?**

A. Yes. Districts may choose not to apply for their SFSF entitlements, but they will not receive state funds to make up for the loss. The pay raise authorized under HB 3646 is required regardless of whether a district applies for the federal funds.

**5. Q. Can districts apply to use SFSF funds for existing programs that meet one of the four ARRA areas of reform?**

A. Yes. There is no prohibition on supplant of state and local funds dating back to February 17, 2009, provided that LEAs identify the applicable costs as pre-award costs in the application. Please refer to the Program Guidelines for information on pre-award costs.

**6. Q. If the state already received funds from the federal government, why do districts have to draw down SFSF funds?**

A. The state has received only access to the grant award. The state does not hold federal funds for distribution. Cash draws must follow existing federal guidelines according to the Cash Management Improvement Act.



# Uses of State Fiscal Stabilization Fund Funds

## **\*\*SPECIAL NOTE WITH UPDATED USDE GUIDANCE:**

SFSF funds may be used for any activity authorized under the Elementary and Secondary Education Act (ESEA), Individuals with Disabilities Education Act (IDEA), Adult Education and Family Literacy Act (AEFLA), or Perkins Act, subject to limited prohibitions in the ARRA and the specific requirements of the relevant act. Funds may also be used for school modernization, renovation, and repairs. Refer to the program guidelines for SFSF funds for additional information on allowable uses of funds. For additional flexibility, USDE guidance provides that SFSF funds may be used as allowed under ESEA Title VIII - Impact Aid for general expenses such as salaries and equipment and that such use is not limited to LEAs that receive Impact Aid funds.

### **1. Q. Can our district use SFSF funds to pay for School Health and Related Services (SHARS) program costs?**

A. We have been unable to get USDE guidance on this question. Therefore, at this time we recommend that school districts not use SFSF funds to pay for SHARS program costs.

### **2. Q. Can our district use SFSF funds to pay its recapture costs?**

A. No. Paying recapture costs is not an allowable use of SFSF funds. SFSF funds are substituting for state dollars; districts cannot use state dollars to pay recapture.

### **3. Q. Can our district use SFSF funds for utility expenses?**

A. Yes. Utility expenses are considered a general operation expense, and using SFSF funds for utility expenses **is allowable**.

Payment of maintenance costs is **unallowable**. Maintenance costs are those expenses that a local education agency (LEA) incurs to keep facilities in efficient and operating condition and may include but are not limited to:

- Upkeep of grounds (unallowable)
- Janitorial services (unallowable)
- Service maintenance of elevators (unallowable)
- Service maintenance of heating or cooling systems (unallowable)

### **4. Q. Can our district use SFSF funds to construct a new cafeteria?**

A. Yes—if the new cafeteria is a multipurpose cafeteria (used for instructional purposes also), using SFSF funds to construct it would be allowable. However, using SFSF funds for equipment for the kitchen part of the cafeteria would not be allowable. The cafeteria cannot be a stand-alone facility.

**5. Q. Can our district use SFSF funds to make our district's payment to a special education shared services arrangement (SSA)?**

**If so, should we list this activity under "IDEA – Other" or under "Title VIII: Impact Aid Education" in the application?**

- A. Yes. Your district can use SFSF funds to make a payment to a special education SSA, until those funds run out. Then your district would need to find another source of funds to pay the SSA fees. Also, your district must pay at least what it has paid in fees in the past. That is, your district cannot pull out a sum certain amount of local funds and replace that amount with less federal funding for the period of time in question or until the funds run out.

Your district should list this activity under "IDEA – Other" in the application. Enter “Ensure that all children with disabilities have available to them a free appropriate public education that emphasizes special education instruction and related services designed to meet their unique needs” as the authorized activity.

**6. Q. Can our district use SFSF funds to purchase or lease a portable building?**

- A. Yes. The purchase or lease (rental) of a portable building using SFSF funds is allowable if the building will be used for general student instructional purposes.

In the application, this activity should be denoted as Impact Aid if it meets one of the four reform areas. In addition, in the BS6004 – Program Budget Summary and Support part of the application, report the following, as applicable:

- Report a portable building purchase in part 11 (6629 – Building Purchase, Construction, or Improvements). Indicate in the description that the portable building is being purchased.
- Report a portable building lease (rental) in part 5 (6200 – Professional and Contracted Services) on line 7 (Total 6200 – Professional and Contracted Services That Do Not Require Specific Approval).

**7. Q. Our district provides all students with a free breakfast. Can we use SFSF funds for this purpose?**

- A. Possibly. If your school district operates a program similar to the School Breakfast Program under the Child Nutrition Programs, then you would likely be able to use SFSF funds for this purpose. Otherwise, using SFSF funds for the program would not be allowable.

**8. Q. Can our district use SFSF funds for stipends for math and science teachers?**

**Our district gives performance pay stipends at the end of year based on Texas Assessment of Knowledge and Skills performance. We report the stipends as performance pay to the TRS. Is this an allowable use of SFSF funds?**

- A. Yes. However, be aware that providing these stipends does not fulfill the requirements of HB 3646 to provide a pay raise.

**9. Q. Can our district use SFSF funds to buy teacher laptops?**

- A. Yes. Buying teacher laptops is an allowable use of SFSF funds under ESEA, Title VIII, Impact Aid.

**10. Q. Can our district use SFSF funds to buy computers for the classroom? If so, where should we enter this activity in the Program Budget section of the application, and can this activity be included in the Texas Steps Up 21st Century Classroom Reform?**

- A. Yes. Your district can use SFSF funds to buy computers. This activity does qualify under the Texas Steps Up 21st Century Classroom Reform Strategy.

If the purchase is a capital expense, enter it in part 10 (6600 – Capital Outlay – Capital Assets Regardless of Unit Cost). If it is a noncapital expense, enter it in part 6 (6300 – Supplies and Materials).

**11. Q. Are program intent codes (PICs) 26, 28, 29, and 31 allowed with SFSF funds?**

- A. Yes.

**12. Q. Specific grants have been used to fund a Fresh Fruit and Vegetable Program for students. Can SFSF funds be used to continue this program?**

- A. Yes.

**13. Q. Is it allowable to move (supplant) all of the expenditures that we would typically fund from our state career and technology allotment to ARRA under the Perkins Act? If so, how will this affect the state requirement to expend 85 percent of this allotment on this program?**

- A. Yes. The TEA will include the SFSF funds when calculating the compliance with the indirect cost rate for special programs.

**14. Q. Can our district use SFSF funds for the state allotment programs (special education, compensatory education, etc.) and move our allotment funds into the general fund?**

A. SFSF funds are part of the state formula allotments and can be spent for those purposes. SFSF funds are not a separate grant of funds in the way that districts received additional IDEA or Title I funds, but a source of funds for the state formula entitlements of a district. Districts still have to comply with all state spending requirements that are required under the state formulas, as well as the federal accounting requirements that come with those funds. SFSF funds are part of the state formula funds and so may be used to comply with the state spending requirements. There is no additional pot of allotment funds; the SFSF funds are part of a district's entitlement under the FSP formulas.

**15. Q. Can we give a one-time bonus to staff from SFSF funds? If so, would we have to comply with time and effort requirements?**

**Our district intends to make one payment to staff from fund 266 at the beginning of the grant period. An answer provided in the FAQs states that districts can pay the required staff salary increase up front at the beginning of a semester "as long as the district follows the constitutional procedures to determine a public purpose and ensure that unearned portions would be reclaimed if a teacher left the district." What does "follows the constitutional procedures to determine a public purpose" mean?**

A. Your district may use SFSF funds to provide a bonus. However, providing bonuses does not meet the pay raise requirements of HB 3646.

The HB 3646 mandate is for a monthly pay raise, not a bonus. Paying employees for services they have not yet performed could be construed as a gift of public funds. Employee contracts need to be very clear that the lump sum is paid on the assumption that the employee fulfills all of the terms of the contract. The contracts would also need to have provisions to recover any amounts that were overpaid by this lump sum payment if an employee left before the end of the school year. Districts should consult with their legal counsel about the appropriate contractual language.

Time and effort requirements would not apply.

**16. Q. I understand that with SFSF funds, all activities must be related to the IDEA, ESEA, Perkins Act, etc. However, must the recipients also be the ones listed under these acts? For example, if our district chooses to do something authorized under Title I, Part A, must the audience served fall into the guidelines for being served with Title I funds?**

A. Yes. However, you may provide the same service to other recipients with SFSF funds if the activity is an authorized use under ESEA Title VIII - Impact Aid. As noted in the introduction to this section, the flexibility granted under USDE guidance regarding using SFSF funds for purposes authorized under Title VIII is not limited to LEAs that receive Impact Aid funds.

**17. Q. Can we use SFSF funds to pay for our special education co-op fees?**

A. Yes.

**18. Q. Our district currently pays all special education teachers 50 percent from state special education funds and 50 percent from general funds. Can we use SFSF funds to supplant the 50 percent now paid from general funds?**

A. Yes.

**19. Q. Can SFSF funds be used to pay the instructional substitute costs in schoolwide campuses?**

A. Yes.

**20. Q. Can our district use SFSF monies for Impact Aid if our district is not normally eligible for the funds?**

A. Yes. ~~Districts can expend their SFSF on any activities that fall under any of the Acts authorized in the ARRA. Although in some cases these Acts originated for certain subgroups, the SFSF funds can be used for all students.~~ USDE guidance provides that SFSF funds used under Impact Aid are considered to be general aid to LEAs and may be used for paying the salaries of administrators, teachers, and support staff. This use is not limited to those districts that also receive Impact Aid funds.

**21. Q. We are replacing a roof on our middle school instructional building. Will the replacement costs be allowed?**

A. Yes. The replacement of roofs is allowable under school modernization, renovation and repair. Refer to the program guidelines for SFSF funds for more information related to this type of cost.

**22. Q. If our district is required to provide a technical assistance team (TAT) for an unacceptable campus, may we use SFSF funds for the cost of the team?**

A. Yes. Select Title VIII, Impact Aid under the ESEA in the SFSF application.

**23. Q. Can SFSF funds be used to purchase property?**

A. No. Land purchases are not an allowable cost.

**24. Q. Can districts use SFSF funds to purchase cooperative services from the education service centers (ESCs) that target school improvement and teacher training, such as Title I Coop, Curriculum Coops, etc.?**

- A. Yes, as long as it is for an activity authorized under one or more of the Acts outlined in ARRA and as long as these activities are designated related to this type of cost.

**25. Q. What does "inconsistent with state law" mean in documents related to using funds for construction?**

- A. "Inconsistent with state law" means that a proposed use conflicts with the requirements of state law. When using the SFSF funds for construction projects, a school district must follow the normal construction guidelines, such as using competitive bidding, ensuring Americans with Disabilities Act (ADA) accessibility, complying with safety requirements, etc.

Construction of school buildings is an allowable activity/expenditure under Title VIII Impact Aid of the ESEA. Refer to the Program Guidelines for additional information on the use of funds for construction.

Construction of any facilities other than school buildings is not permitted.

**26. Q. Can SFSF funds be used for facility modernization and renovation?**

- A. Yes. The authorizing statute, ARRA, Title XIV, State Fiscal Stabilization Fund, specifically authorizes the use of funds for modernization, renovation, and repairs of school buildings, subject to the prohibited uses of funds and other requirements (e.g., use of American iron, steel, etc.). Refer to the Program Guidelines for additional information on the use of funds for school modernization, renovation, and repair

**27. Q. Can SFSF funds be used for transportation costs?**

- A. No. The SFSF statute specifically prohibits the use of funds for the purchase or upgrade of vehicles, including the purchase of school buses. However, other transportation-related costs such as contracted transportation services or cost related to transportation that fall under one or more of the allowable uses are allowable.

**28. Q. Are we allowed to purchase buses using SFSF funds?**

- A. No. Vehicles are not an allowable expenditure.

**29. Q. Can indirect costs be charged to SFSF funds?**

- A. Yes. LEAs can use their approved restricted federal indirect cost rate, or 8 percent, whichever is less, for the SFSF funds.

## Federal Spending Rules

**1. Q. If our district purchases computers for the district with SFSF funds under Title II, Part D, of NCLB, do we have to comply with the 25 percent professional development requirement?**

A. No.

**2. Q. How will federal spending rules and standards apply to the SFSF funds, since these funds seem to be embedded within the FSP funding structure? Will districts be required to spend the funds only on those activities that address the four reform areas? Will federal restrictions on spending of the stabilization funds related to allowable expenses under the ESEA, IDEA, Perkins Act, etc., as specified in the ARRA, be applicable to expenditures of FSP funding?**

A. Districts are highly encouraged to expend SFSF funds for personnel, services, activities, and products that focus on the four reform areas. SFSF funds may be expended on any activity authorized under the ESEA, IDEA, Perkins Act, etc. (see Sec. 14003 of the ARRA). They also may be used **temporarily** to replace local funds used to maintain local effort across various federal programs. However, once an LEA expends all SFSF funds or the period of availability for SFSF funds runs out on September 30, 2011 (whichever comes first), the LEA will be required to resume local effort to maintain MOE for the federal program in question. Also, if SFSF funds are used to **temporarily** replace local funds, the SFSF funds should be treated as if they were local funds with regard to the requirements of the specific federal law/grant for which they were treated as local funds.

Regardless of how an LEA chooses to use funds under one or more of the acts, the LEA must comply with the federal cost principles, the grant accounting requirements in the Financial Accountability System Resource Guide (FASRG), and all other requirements for the tracking, recordkeeping, and reporting of federal funds. Refer to the Program Guidelines for more information.

**3. Q. If our district uses funds to pay local special education costs, will MOE be waived?**

A. No. MOE is not waived, but the use of SFSF funds can provide temporary relief from the MOE requirement. However, once an LEA expends all SFSF funds or the period of availability for SFSF funds runs out on September 30, 2011 (whichever comes first), the LEA will be required to resume local effort to maintain MOE for the federal program in question.

**4. Q. Are there any MOE requirements?**

A. The use of SFSF funds can provide temporary relief from the MOE requirements. However, once an LEA expends all SFSF funds or the period of availability for SFSF funds runs out on September 30, 2011 (whichever comes first), the LEA will be required to resume local effort to maintain MOE for the federal program in question.

**1. Q.\* When will our district know its Texas Steps Up (TSU) status, and will TSU Step I benefits help with the Algebra Readiness grant?**

- A. Determination of your district's TSU status is part of the SFSF negotiation process. However, the TEA's goal is to first get the SFSF NOGAs to LEAs. The bonus points for state discretionary competitive grants under TSU Step I benefits will be available to LEAs in the 2010–11 and 2011–12 school years.

**2. Q. Is participation in the TSU initiative required?**

**Will our district be able to receive SFSF funds if we choose not to participate?**

- A. No—participation in the TSU initiative is not required; participation is optional.

Yes—your district will receive any SFSF funds it is entitled to regardless of whether the district participates in the TSU initiative.

**3. Q. What does it mean to "provide resources necessary for languages other than English (LOTE) in the elementary grades" under the TSU initiative?**

- A. Providing resources necessary for LOTE in the elementary grades means providing foreign language instruction for English speaking students, for example, offering Spanish, French, or Italian, in the elementary grades, where languages are not typically introduced. Providing high school language courses in languages **not commonly taught** at the high school level, such as Mandarin/Chinese, could also be considered an eligible LOTE TSU activity, although the provision of traditional high school language courses, such as Spanish or French, would not be considered a TSU activity.

Also, the provision of English as a second language or English language learner instruction is **not** considered to be providing resources necessary for LOTE under the TSU initiative.

**4. Q. If our district is replacing a current employee, such as our curriculum director, with SFSF funds, will that qualify under the TSU initiative? Our curriculum director does provide technology and professional development to our staff.**

- A. If your district is simply replacing an existing employee, then no, this activity will not qualify as a TSU activity. Your district must invest in something new, or expand or enhance existing programs. However, if the new employee is incorporating or initiating new professional development programs as outlined in the "Establish and support a new professional development paradigm" document (at <http://ritter.tea.state.tx.us/edex/docs/StepsUpPD.pdf>), that activity may qualify as a TSU activity. LEAs that need guidance on what qualifies are encouraged to contact the ARRA Office of Coordination at (512) 936-3647.



**5. Q. Are you saying that for an activity to qualify as a TSU activity, it must be a new program or technology, not just maintenance of existing programs such as Study Island, Eduphoria, etc.?**

A. Yes. Your LEA must invest in something new, or expand or enhance existing programs, and your LEA should expect to have to demonstrate to reviewers that an activity is new or an expansion or enhancement of an existing program during the negotiation process. Maintaining a program does not qualify as a TSU activity. However, if ~~unless~~ the program would have been discontinued without SFSF funds and the LEA can demonstrate through board minutes that the program would have been discontinued without SFSF funds, the TEA will consider the activity for potential TSU designation. The evidence that the program would have been discontinued without SFSF funds will need to be submitted with the grant.

**6. Q. Our LEA has paid the salary of a teacher for several years so that we have an extra teacher at the third grade level that is over and above what is required. Is this activity an eligible "restructure the traditional school schedule and class size" activity under the TSU initiative?**

A. No. Investment must be made in something new, or in the expansion or enhancement of existing programs.

**7. Q. What if an activity fits within the TSU activities but not within one of the four reform areas?**

A. The TSU activities were designed to fit within the four ARRA reform areas.

**8. Q. What are the implications if the chosen activity does not fit any of the TSU activities?**

A. There are none. The TSU initiative is an optional program that provides benefits to LEAs that invest in TSU activities.

**9. Q. How does our LEA know if its activity complies with the TSU initiative?**

A. A TSU LEA is one that invests its SFSF funds in one or more of the 10 TSU activities that would be a new program to the LEA, or an expansion or enhancement of an existing program. Specifically, this new, expanded or enhanced program would be slated for the 2009–10 school year. Because pre-award costs dating back to February 17, 2009, are allowed for SFSF funds, investments made from that day forward would be considered TSU activities as long as those investments are part of a new, expanded, or enhanced activity under TSU.

**10. Q. How many priority grant points is our LEA eligible to receive under Step I of the TSU initiative?**

A. Qualifying LEAs will be awarded 10 percent of the total points available under a given state funded discretionary competitive grant as priority points.

To qualify, an LEA must invest 51 percent or more of its available SFSF funds in one or more of the 10 Texas Steps Up activities. If an LEA meets this requirement, the LEA will receive priority points for any state funded discretionary competitive grant it applies for during 2010–11 and 2011–12 ~~2009–10 and 2010–11~~. The LEA must meet at minimum 70 percent of total base points in any given state funded discretionary competitive grant to be awarded priority points under Step I.

**11. Q. How does our LEA qualify for Step II of the TSU initiative? What benefit will we receive as a result?**

To qualify for both Step I and Step II, your LEA must invest 66 percent or more of its available SFSF funds in one or more of the 10 TSU activities. If your LEA meets this requirement, it will receive priority grant points under Step I (see previous question) **and** access to technical assistance resources to aid in program design and implementation of TSU activities under Step II.

Assistance may be provided by the TEA, nonprofit organizations, and/or leaders in the field with expertise in a particular strategy. The level of assistance provided will depend on the needs of the LEA.

**12. Q. How does our LEA qualify for Step III of the TSU initiative? What benefit will we receive as a result?**

To qualify for all three steps, your LEA must invest 81 percent or more of its available SFSF funds in one or more of the 10 TSU activities. If your LEA meets this requirement, it will receive benefits under Steps I and II **and** will receive priority consideration for additional funding when ARRA SFSF funds lapse.

The TEA will prioritize the amount of future funding the LEA receives as well as the duration of funding based on the following, which the LEA will outline in a proposal submitted to the TEA:

- the LEA's collaboration with charters, institutions of higher education, or independent school districts,
- the scaling of district or regional programs to broaden the reach of these programs, and
- demonstration of student impact, including the tracking and collection of measures to determine the impact of TSU reforms on students

**13. Q. How do I find additional information on the TSU initiative and activities?**

- A. Please visit the Texas Steps Up initiative website at <http://www.tea.state.tx.us/stepsup.aspx>.

## Application for State Fiscal Stabilization Fund Funds

**1. Q.\* Regarding pre-award costs in the PS3410 – Program Assurances and Activities part of the application, is it correct that for any activity that has pre-award costs and grant period costs, there should be two lines for that activity—one line for the pre-award amount and one line for the grant period amount, all for the same activity.**

A. Yes. That is correct.

**2. Q.\* Do we need to enter the pre-award as a separate activity with a separate amount in the PS3410 – Program Assurances and Activities part of the application or just list the activity and note pre-award with the activity description and just have one amount?**

A. If you are asking whether to combine all pre-award activities into one line, then the answer is no. Each pre-award activity must be listed on a separate line, with a notation that the activity is pre-award and a description of the activity.

If you are asking whether a single activity that has both pre-award costs and grant period costs should be listed on just one line, then the answer is no. The activity should be listed on two lines—one line for the pre-award activity amount and one line for the grant period activity amount.

**3. Q.\* Where should we enter the pre-award costs in the PS3410 – Program Assurances and Activities part of the application?**

A. Simply note that the activity is pre-award in the activity description.

**4. Q.\* If we are paying staff incentive programs and not whole salaries with SFSF funds, do I need to enter the number of positions in the BS6004 – Program Budget Summary and Support part of the application or just note staff incentive programs under "Other" with no position count?**

A. In the BS6004 part of the application, list the staff incentive pay (bonus or stipend) under "Other" with the estimated position count. Also, if this is a new incentive program, it would count as a TSU activity under the eligible activity "Reward demonstrated effectiveness."

**5. Q.\* Our district will be using our grant for construction, more specifically, for steel and concrete costs. Will these need to be entered as capital outlay?**

A. We will need more information about the activity to answer your question. Please contact the Office of ARRA Coordination at (512) 936-3647.

**6. Q. In the Certify and Submit section of the application, do the "authorized official" and the "submitter" have to be the same person?**

A. Yes.

**7. Q. Must I check the box for every assurance in part 1 of the PS3410 – Program Assurances and Activities part of the application?**

A. Yes. For your application to be accepted, you must check every assurance check box.

**8. Q. Do the "Total Activities Amount" in the PS3410 – Program Assurances and Activities part of the application and the "Total Direct Costs" in the BS6004 – Program Budget Summary and Support part of the application have to match?**

A. Yes.

**9. Q. Where can I upload attachments to the application?**

A. You can upload attachments to the application from the main SFSF eGrants page under the table of contents.

**10. Q. In the PS3410 – Program Assurances and Activities part of the application, does each activity chosen for use of SFSF funds have to be authorized under one of the four specified acts?**

A. Yes. Each activity chosen for use of SFSF funds must be authorized under one of the four specified acts (ESEA, IDEA, AEFLA, or Perkins). If a chosen activity is authorized under the ESEA, the activity must be authorized under the specific title and part checked.

**11. Q. Does our district need to note pre-award costs in both the PS3410 – Program Assurances and Activities part of the application and the BS6004 – Program Budget Summary and Support part of the application?**

A. Yes.

**12. Q. If our district is including pre-award costs, must we submit the pre-award cost attachment with the SFSF application?**

A. Yes. You must also make sure that the pre-award costs specified in the attachment match those specified in the SFSF application.

**13. Q. Under which act should we include costs for construction, renovation, repair, or modernization?**

A. Include these costs under ESEA – Title VIII: Impact Aid. Your LEA must attach a drawing or blueprint that shows the dimensions of major construction, renovation, repair, or modernization when submitting the application.

**14. Q. Where can I find more information about what items are considered capital outlay?**

A. Please refer to the application instructions at [http://maverick.tea.state.tx.us:8080/Guidelines/SFSF/ARRASF10/ARRASF10PP2000\\_I.pdf](http://maverick.tea.state.tx.us:8080/Guidelines/SFSF/ARRASF10/ARRASF10PP2000_I.pdf). (Search for the term "capital outlay.")

**15. Q. ESEA, Title V, is not currently funded under regular No Child Left Behind (NCLB). Our district did not select the Title V program in the regular NCLB application.**

**Can a district select Title V in the ARRA Title XIV SFSF Grant application? What are the reporting requirements?**

**Also, are there any population restrictions for Title V?**

A. Yes. Your district can select Title V in the SFSF application. Although ESEA, Title V, is not currently funded, it has not been repealed. Therefore, Title V can be selected on the SFSF application as an authorized use of funds if the activity falls under the title and the school is eligible. At this time, we have not received any guidance that reporting requirements specific to the authorizing acts would be part of SFSF requirements.

No. There are no population restrictions for Title V. The title's program served all students based on the district/campus needs assessment.

**16. Q. Must the barriers identified in the ARRA Title XIV SFSF Grant application be the same as those identified in the ARRA stimulus application and the NCLB Consolidated Federal Grant application?**

A. No. Grant applications are each independent of one another. The barriers, if any, that the LEA identified for the PS3400—Equitable Access and Participation in the ARRA Title XIV SFSF Grant application do not have to be the same as those identified in other ARRA stimulus grant applications or the NCLB Consolidated Federal Grant application. The barriers and strategies identified in the ARRA Title XIV SFSF Grant application should coincide with the use of SFSF funds.

**17. Q. Our district is purchasing multiple computers, each of which costs less than \$5,000. The total cost is \$300,000. Is this expense considered capital outlay? Does this expense require specific approval from the TEA? In what section of the BS6004 – Program Budget Summary and Support part of the application should we enter this cost?**

A. If the purchase of computers has a unit cost of less than \$5,000, the computers do not have to be capitalized. Your district should track these assets for inventory purposes but does not have to capitalize them.

However, if your district is purchasing these computers for a computer lab or a "computers on wheels" (COWs) computer lab, the purchase would be considered a unit and must be capitalized.

Of course, your district should follow its local capitalization policy if that policy requires capitalization of assets less than \$5,000. Your district should also follow its local policy on getting prior approval.

~~Yes. The cost for the computers is considered capital outlay and, as such, requires specific approval from the TEA.~~

If your district is purchasing the computers for a computer lab or a COWs computer lab (and the cost for the purchase is \$5,000 or more), enter the cost in Part 10: 6600 – Capital Outlay – Capital Assets Regardless of Unit Cost.

**18. Q. If our district wants to use SFSF funds for new construction, do we show a cost per square footage for our total costs?**

A. Yes. Report the cost per square footage. If providing an estimate of costs, you will need to amend the program budget when actual costs are known.

**19. Q. Please clarify what you mean by saying that our application "must have one activity in each part (2–5)."**

A. Your application does not need to have one activity in each of parts 2 through 5 (total of four activities). It must only have at least one activity in one of parts 2 through 5 (total of one activity).

**20. Q. On line 10 (Teacher) of part 3 (Number of Positions), does "Specify" refer to the number of teachers?**

A. No. The space after "Specify" is for describing the type of teachers (e.g., "English teachers" or "core teachers"). Enter the number of teachers in the "Whole Number of Positions" column.

**21. Q. If our district is moving the cost for our special education program from the general fund to SFSF funds, how should we enter this information on the application?**

A. Enter the specific activity to be funded with SFSF funds under the appropriate authorizing provision within the part of the application for the applicable education act (ESEA, IDEA, AEFLA, Perkins).

**22. Q. Are "August days" for payroll entered as 61XX Pre-Award Payroll Costs in part 4 of the BS6004 – Program Budget Summary and Support part of the application?**

A. Yes. If this item is entered in part 4, the pre-award cost attachment must also be submitted as part of the application.

**23. Q. If our district selects "All" for the first barriers item (first item in the Program Description, PS3400 – Equitable Access and Participation section of the application), must we still complete the rest of the PS3400 section?**

A. If your district selects "All" for this item, leave the rest of the schedule blank. Contact the Formula Funding Division at telephone number (512) 463-8525 for further assistance.

**24. Q. Will there be flexibility in moving budget between approved categories? Most grants allow 25 percent to be shifted from one class object to another without amending the grant.**

A. Please refer to page 7 of the schedule instructions for guidance. For formula grants, there is flexibility to move up to 25 percent of the total grant award among open class object categories. Contact the Formula Funding Division at (512) 463-8525 if you have further questions.

**25. Q. Is it correct to assume that the superintendent of schools would be the one to certify and submit the application?**

A. In eGrants, any individual with a role ID of "Grantee Official" has the capability to certify and submit the application. However, as per the information under the heading "Required Approvals" on page 49 of the schedule instructions, applications "are not eligible to be funded until you certify the CS7000—Provisions, Assurances, and Certifications schedule by selecting all check boxes included on the schedule. Formal agreement is required by the legal representative or authorized official as follows:

- Public school district applications require Superintendent certification. Campus or campus charter schools must apply via their public school district.  
...
- Open enrollment charter schools require Chief Operating Officer certification.  
...

Certification is provided via the submission of the application. Certification signifies that the authorized official has read and agrees to comply with all terms outlined in the *Application Guidelines—Part 1: General and Fiscal Guidelines, Application Guidelines—*

*Part 2: Program Guidelines*, application schedules and schedule instructions, and the provisions, assurances, and certifications as listed on Schedule CS7000.

Certification is required for any documents that appear on this schedule."

**26. Q. The webinar presenter stated that on line 18 in part 3 (Number of Positions) of the BS6004 – Program Budget Summary and Support part of the application, we should enter a description and aggregate amount. The directions appear to ask for the number of positions. If we are only including the HB 3646 increase, does each staff position equal one or a smaller portion of one full-time equivalent (FTE)?**

A. Report whole numbers of HB 3646 salaries that will be paid for out of SFSF funds.

**27. Q. If our district chooses to use SFSF funds for pay raises that were mandated by HB 3646, how should we reflect the pay increase for regular education teachers in the various sections of the SFSF application?**

A. If your district is using SFSF funds to pay the mandated salary increase under HB 3646 for classroom teachers, then your district should enter this use under ESEA Impact Aid and title it something similar to "Salary increases for teachers under HB 3646." Your district should select Reform A and no Steps Up Program. This answer assumes the question is asking specifically about the increase and not about the full salary.

**28. Q. On the eGrants application, there are two columns in the budget section, but only one column shows amounts to enter for the Title XIV, SFSF amounts. What goes in the other column, if anything?**

A. The second column should be grayed-out and is not used.

**29. Q. Can the application be amended?**

A. Yes.

**30. Q. Will the application be accepted if our district marks the application in PS3400 indicating that there are no barriers?**

A. Yes.

**31. Q. Does the BS6004 – Program Budget Summary and Support part of the application need to be completed with the numbers of staff who are getting increases and being paid from SFSF funds?**

A. Yes. The BS6004, Payroll Costs 6100, needs to be completed for all positions to be charged to the SFSF funds, including any teachers receiving pay raises from these funds.



**32. Q. May an LEA use SFSF funds to contract with an ESC or other technical assistance provider to complete the SFSF eGrant application?**

- A. Yes. Reasonable and necessary costs may be requested by an LEA to contract with a service provider to complete the SFSF eGrants application. These costs are considered a direct administrative cost and would be budgeted in Part 5: 6200–Professional and Contracted Services within the BS6004 – Program Budget Summary and Support.

Because SFSF is a new grant program and not a continuation, LEAs that wish to expend funds for this purpose must include application preparation costs as a pre-award cost in the application in 6200, since this cost will occur before submitting the application to the TEA.

## Tracking and Accounting of State Fiscal Stabilization Fund Funds

**1. Q. Can our district code state career and technology expenditures PIC 22 to fund 266? Does this expenditure meet one of the four reform areas?**

- A. Yes, your district can code the PIC 22 expenditure to fund 266. This expenditure could meet the reform area of making progress toward college-and-career-ready standards and rigorous assessments that will improve both teaching and learning.

**2. Q. Are expenditures charged to fund 266 included in the MOE for state funds, i.e., 55 percent for state compensatory education?**

- A. Yes.

**3. Q. Are final expenditure reports due on June 30 or August 31?**

- A. Final expenditure reports for SFSF funds are due to the TEA November 15, 2010.

**4. Q. If the NOGA is going to be dated September 1, 2009, how can we use expenditures that we incurred after February 17, 2009, since they would be accounted for in our FY08–09 audit?**

- A. Record a pre-award cost in fund 266, and record it as a due to/due from.

**5. Q. Are pre-award costs considered to be those expensed before September 1 or those expensed before submission of grant?**

- A. Pre-award costs are costs the district incurred from February 17, 2009, through the later of September 1, 2009, and the date the LEA submits the SFSF application ~~August 31, 2009, to September 1, 2009~~, that the LEA district wants to cover using SFSF funds. The

costs should meet one of the four reform objectives and must be specifically requested in the SFSF application on both the PS3410 and the SFSF pre-award costs attachment. If any costs were incurred or services were provided by a vendor before February 17, 2009, those costs cannot be charged to the grant as pre-award costs. This means a monthly invoice from a vendor may need to be split-funded and paid from another allowable funding source for any work performed before February 17, 2009. You must know the exact amount, to the penny, to split-fund an invoice for February 2009.

**6. Q. Will there be specific program intent codes used with SFSF funds?**

A. No. SFSF funds can be used in any of the special program intent codes.

**7. Q. Can we JV payroll each month from fund 199 to 266 and maintain the payroll in fund 199?**

A. Yes. Your district may do this provided it keeps good documentation to support this reclassification.

**8. Q. If tracking by activity is needed, what is your suggested methodology (e.g., sub object)?**

A. The best way to track expenditures for reporting purpose would be to use a sub-object or a separate spreadsheet.

**9. Q. Is fund 266 required to be adopted by the school board, just like general operating?**

A. No. It is not required to be adopted unless it is the district's policy to adopt these funds.

**10. Q. If the raise required by HB 3646 is paid from local funds, is time and effort documentation required?**

A. No. If the raise is paid from the general/local fund, time and effort documentation is not required.

**11. Q. What does "maintain certification" mean related to funding for salaries?**

A. Certification requirements do not apply to salaries funded out of SFSF funds. ~~It means that if a teacher's entire salary is funded out of SFSF, a district must have a semiannual certification on file showing the teacher worked 100 percent of his or her time under this cost objective.~~

**12. Q. ARRA stabilization funds cannot be used for “maintenance costs.” Can you please describe what functions and objects of expenditure this term includes? Is it any expenditure under function 51? If so, how should a district record the use of funds for repairs, which seem to be allowable costs?**

A. Most “maintenance costs” would be expenditures under function 51. Most school modernization, renovation, and repairs would fall under function 81, although some repairs, depending on the cost, could be coded to function 51.

**13. Q. Will the expenditures from fund 266 be considered local funds for purposes of comparability?**

A. Yes. ~~No.~~

**14. Q. Has a decision been made as to whether SFSF expenditures will count toward special program spending requirements (e.g., state compensatory education, career and technical education, etc.)?**

A. Yes. The TEA will include the SFSF expenditures when calculating the special program spending requirements.

**15. Q. How does our district code the salary increases if using SFSF funds?**

A. SFSF funds used for the teacher salary increases should be coded to fund 266. Please keep in mind that the state encourages districts to use state and local funds to implement the pay raise required under HB 3646. SFSF funds will have stringent tracking and reporting requirements and will present complicated accounting challenges.

**16. Q. Will expenditures from fund 266 with program intent codes designating compensatory, career and technology, special education, bilingual, and gifted/talented be counted to determine whether districts have met their direct expenditure obligations for those special program allotments?**

A. Yes. The TEA will include fund 266 when determining whether school districts have met their direct expenditure obligations for these special program allotments.

**17. Q. Is there any TEA guidance on the payment of and accounting for of the pay raise? For example, many districts are concerned about the extra payroll work that must be done to “split-fund” those individuals eligible for the pay raise. Can districts continue to pay the appropriate amount out, including the raise, from their general fund and then record journal entries on a quarterly basis to reclassify the pay increase amounts to fund 266?**

A. Yes. Districts will be allowed to do a journal entry to reclassify the pay increase amounts from the general fund to fund 266. Payroll JVs generally should be based on the number of days worked ~~contract days~~. Districts should keep good documentation to substantiate this reclassification. The TEA would like to see the reclassification done on a monthly basis but will accept a quarterly basis.

**18. Q. Must fund 266 be used as the source for the increases in salary awarded to employees paid from special revenue funds, even though those special revenue funds already allow for pay raises?**

A. No. Districts may finance the pay raise with other state and local funds and use their limited SFSF funds to advance education reforms and improve student achievement in the four reform areas.

**19. Q. Do we have to track HB 3646 and ASF amounts separately (from the ARRA Title XIV State Fiscal Stabilization Fund spreadsheet)?**

A. The SFSF NOGA will combine the HB 3646 and ASF amounts, but your district may track these funds separately if it wishes using a sub-object code. All SFSF funds will be reported under fund code 266. In any case, SFSF funds must be tracked and reported separately in total from all other funding sources.

## American Recovery and Reinvestment Act Section 1512 Reporting

**1. Q.\* To clarify, if we have not received a NOGA, there will be no reporting due on October 5, 2009?**

A. Yes. That is correct. If you have not received a NOGA for a particular ARRA grant, you cannot enter TEA's Expenditure Reporting (ER) system to report the necessary information for that grant.

**2. Q.\* Will we be able to report expenditures before receiving a NOGA?**

A. No.

**3. Q.\* Does the required Section 1512 reporting include reporting of both stimulus funds and SFSF funds?**

A. Yes. All recipients of ARRA grants (such as Title I ARRA, IDEA-B ARRA, SFSF) administered by the TEA are subject to Section 1512 quarterly reporting requirements.

**4. Q.\* If we do not draw down our September expenses until October 1, do we still include these expenses or FTEs in this October report?**

A. The information the TEA gathers automatically from the ER system will include only expenditures that have posted in the ER system. Regarding the additional information grant recipients must enter manually in the ER system within five days of the end of each quarter, information on infrastructure investments and vendor payments would not be included until posted and reimbursable by the TEA. It is possible, however, for a grant recipient to report jobs created or retained if the recipient determines that employees

have worked hours in the quarter as a result of the availability of ARRA funding. Please see the *Texas Education Agency (TEA) Clarifying Guidance on Grant Recipient Section 1512 Quarterly Reporting Requirements Under the American Recovery and Reinvestment Act of 2009* document at [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus).

**5. Q.\* Are districts expected to draw down funds monthly to meet the 5 percent, 10 percent, and 15 percent standards?**

A. No. LEAs are not expected to draw down funds monthly to meet the 5 percent, 10 percent, and 15 percent accumulated expenditures standards. However, the TEA encourages LEAs to expend funds in a timely manner.

**6. Q.\* If a teacher is not paid with ARRA funds, but because of ARRA funds the teacher kept his or her job, would the teacher be included in the FTEs?**

A. Yes. If the LEA made the determination to keep the teacher because of the availability of ARRA funding and would not have been able to keep the teacher in the absence of ARRA funding, then the teacher's position would be reported as a job created or retained.

**7. Q.\* If an employee misses any days worked (for any reason), and has paid leave available, do we include those hours in total hours reported, or do we deduct those hours from the total hours worked? Also, can we include a substitute for this employee?**

A. The first question in determining whether hours worked should be considered a job created or retained is, Would these hours have been worked in the absence of ARRA funding? For a position that is considered a job created or retained, hours attributable to paid leave available and taken would count. Please see the TEA's guidance on Section 1512 quarterly reporting at [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus). Hours attributable to the substitute would also count if the underlying position counted.

**8. Q.\* How do we report extra duty pay, such as staff development pay?**

A. For purposes of ARRA Section 1512 quarterly reporting, jobs created or retained are reported as FTEs. Please see the TEA's guidance on Section 1512 quarterly reporting at [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus).

**9. Q.\* What is the threshold to reach before we have to report on jobs created for vendors?**

A. A payment of \$25,000 or more to a vendor is required to be reported for quarterly reporting. There is no threshold for reporting on jobs created or retained. Please see the TEA's guidance on Section 1512 quarterly reporting at [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus).

**10. Q.\* Let me clarify—if we use a vendor and they have added employees to meet the additional job requirements for a contract, must we report the extra personnel the vendor hired?**

A. Yes. Reporting the extra personnel is required by USDE and Office of Management and Budget guidance. Please see the TEA's guidance on Section 1512 quarterly reporting at [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus) for information on how to determine the number of FTEs that would need to be reported.

**11. Q.\* For a contracted consultant, do we need to document preparation time separately from activity/training time, or may a preparation/activity time total be included in the fee total?**

A. Your LEA is not required to document preparation time separately from activity/training time for reporting purposes. Your LEA should determine if separating this information would be beneficial internally. The preparation time and activity/training time may be included in the fee total.

**12. Q.\* When utilities are budgeted under ESEA Title VIII - Impact Aid in the application, does the expense need to be reflected in the comprehensive needs assessment and/or campus/district improvement plans?**

A. Although districts are not required to submit a needs assessment, they should have in their district and campus improvement plans how they plan to use the SFSF funds. Districts may have to respond to financial review of the SFSF funds from auditors in the future. In the plans, district should discuss what they are doing with the funds and how these resources/staff will meet the needs of students.

**13. Q.\* What constitutes a "high-risk LEA"?**

A. The TEA will send correspondence with further guidance regarding high-risk LEAs in the near future. This correspondence will be sent to all LEA administrators.

**14. Q.\* We pay our ESC to help write the application. Would the ESC be a vendor?**

A. Yes. For purposes of ARRA quarterly reporting, the ESC would be a vendor.

**15. Q.\* Does the \$25,000 threshold for reporting a vendor payment restart each quarter, or is it only once when a vendor reaches \$25,000?**

A. The amount of the vendor payment is evaluated per payment. There is no aggregating of payments smaller than \$25,000 over a time period.

**16. Q.\* Regarding the \$25,000 threshold for reporting a vendor payment, is a check for \$25,000 representing ten \$2,500 invoices considered a \$25,000 payment?**

A. Yes.

**17. Q.\* Do we need to report on our regular IDEA-B and IDEA-B preschool grants?**

A. The Section 1512 quarterly reporting is required only for ARRA grants.

**18. Q.\* How will an SSA fiscal agent monitor the data elements not captured through normal grant expenditure reporting activity in the ER system?**

A. An SSA fiscal agent will need to obtain any needed data from member LEAs.

**19. Q.\* What is a subaward number?**

A. Please see the instructions in the ER system when completing the ARRA quarterly reporting for a detailed description of each value required.

**20. Q.\* Does a portable building purchase count as "school buildings" under the infrastructure reporting, or should it be listed as "other" or not at all?**

A. A portable building purchase would not be reported as infrastructure unless the grant recipient is also using ARRA funds to level the ground; put in the foundation; and put in wiring, plumbing, sidewalk, etc., for the portable building. If ARRA funds are being used just for the purchase of the portable building and not for any of these other purposes, then the purchase would be reported as capital outlay.

## Teacher Retirement System and State Fiscal Stabilization Fund Funds

**1. Q. If our district chose to do the lump sum option for teacher pay raises, would that lump sum portion be subject to TRS reporting requirements, and would it be reflected on the TRS MD 40 record?**

A. The TRS considers the SFSF funds a state grant so your district will follow its normal reporting procedures for state funds when reporting to the TRS.

**2. Q. Since the wages paid through fund 266 are not subject to Federal TRS will they be subject to TRS on Behalf?**

Wages paid under fund 266 should be treated as state funds and will be subject to the same payroll benefit procedures as state funds.

**3. Q. Can our district use SFSF funds to cover TRS costs above the statutory minimum from previous salary increases as well as the salary increase provided for in HB 3646?**

A. Yes. SFSF funds can be used to cover TRS costs above the statutory minimum for employees funded under this program.

**4. Q. If our district pays both the step increase and the mandated increase, are both exempt from Federal TRS in fund 266?**

A. Yes. Salaries paid in part or in whole from SFSF funds are not subject to the federal TRS.

**5. Q. If SFSF funds are used for salaries, can they be backed out of the Federal Insurance Contributions Act (FICA) and TRS amounts to meet the requirement of \$800 or \$60/WADA?**

A. ~~Beginning with the 2009-10 school year, schools~~ School districts and charter schools are required to provide certain employees (~~classroom teachers, full-time counselors, full-time nurses, full-time librarians, and full-time speech pathologists~~) with wage increases amounting to the greater of \$80 per month, or the maximum uniform amount that can be delivered to ~~MSS employees~~ using an amount equal to the product of \$60 per WADA, adjusted in consideration of the additional contributions to the social security and the TRS. When making this comparison, the \$80 per month may not be reduced in consideration of the additional contributions for social security and the TRS. Districts are responsible for paying the contributions to the TRS related to the wage increases regardless of whether the wage increase is based on \$80 per month or \$60 per WADA.



## Contact Information

### USDE:

Please email any questions about the SFSF program for the USDE to [State.Fiscal.Fund@ed.gov](mailto:State.Fiscal.Fund@ed.gov).

Please write *ARRA* in the email subject line.

### TEA:

#### **Office of ARRA Coordination**

**Phone:** 512.936.3647

**Website:** [www.tea.state.tx.us/arrastimulus](http://www.tea.state.tx.us/arrastimulus)

**Email:** [arrastimulus@tea.state.tx.us](mailto:arrastimulus@tea.state.tx.us)

**Listserv sign-up:** <http://miller.tea.state.tx.us/cgi-bin/wa?SUBED2=name&A=1&L=ARRA-stimulus&b.x=36&b.y=13>

#### **Formula Funding Division**

**Phone:** 512.463.8525

#### **State Funding Division**

**Phone:** 512.463.9238. Indicate that you need information about the HB 3646 calculation so that your call is routed to the appropriate staff

#### **Financial Audits Division**

**Phone:** 512.463.9095

#### **Salary questions**

**Phone:** 512.463.7285

#### **Office of NCLB (ESEA and Title I questions)**

**Phone:** 512.463.9374