

# State Fiscal Stabilization Fund – Quick Guide Local Education Authorities, February 2010



Edward G. Rendell, Governor ▪ Dr. Gerald L. Zahorchak, Secretary of Education

[www.education.state.pa.us](http://www.education.state.pa.us)

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*The Pennsylvania Department of Education (PDE) has developed this document to serve as a reminder and guide. It is not meant to supersede any official instruction or guidance from OMB, USDE, PDE or any other governing body.*

The Pennsylvania state budget for fiscal year 2009-2010 maintains its investment in the Commonwealth's state funding formula for public schools. The funding formula implements the results of a landmark study that the General Assembly ordered in 2006 to determine the level of resources needed in each of Pennsylvania's school districts. Pennsylvania was able to continue this investment in education despite the tough economic climate because of the receipt of the State Fiscal Stabilization Fund (SFSF) through the American Recovery & Reinvestment Act of 2009 (ARRA).

The 2009-2010 state budget included a total of \$650 million from the SFSF for education:

- \$300 million to implement the second year of Pennsylvania's school funding formula;
- \$355 million to avoid deep cuts in education funding (referred to as "Hold Harmless" in the PA Pact application); and

Thus, the Basic Education Funding (BEF) for the 2009-2010 school year consists of **BOTH** state dollars and federal SFSF dollars. Allocations per district can be found using the links at the end of this document.

\*Note: Education Assistance Program (EAP) and Accountability Block Grant (ABG) funding does NOT include any federal funds. These funding sources only include **state** funds.

## **Below are some important points to note about the SFSF portion of school districts' BEF:**

1. School districts have already received some of their **state share** of the BEF (via Unipay) and will begin to receive the federal SFSF portion of their BEF as soon as a district has:
  - a. Completed and submitted to PDE its revised PA Pact application, and
  - b. Signed and submitted to PDE its SFSF rider, and
  - c. PDE reviews and forwards the rider to the Comptroller's Office for final approval.
  - d. **You will not receive your district's share of the \$650 million in SFSF funds until you comply with a. and b. above.**
2. The SFSF portion of school districts' BEF will NOT be included in the regular Unipay installments. SFSF portions of the BEF will be made through separate payments. This will allow districts to better track and account for the use of SFSF dollars.

SFSF payments will be sent to school districts on a monthly basis, unless a district has an excess amount of SFSF dollars remaining from previous payments when it submits its quarterly FAI reports (see below for more information on these reports.)

Monthly payments will be calculated and disbursed in accordance with the standard master agreement and rider payment terms. The monthly payment will be determined by the number of months between the rider start and end date. After the initial payment, the FAI payment system controls take effect. Future payments are dependent upon the Reconciliation of Cash on Hand Quarterly reporting requirements and the business rules within FAI.

*For Example: Assuming that the rider period is July 1, 2009 to June 30, 2010, the monthly SFSF payment to an LEA will be 1/12 of the total project allotment. Therefore, a rider received and approved in mid February could begin to receive payments in March, and based upon PDE's payment authorization an LEA could receive an initial payment of up to 1/3 of the 2009-10 SFSF BEF in March. April, May and June payments follow FAI payment system procedures. A timely return of your rider will help to assure that you receive maximum initial payment.*

3. Because the SFSF portions of the BEF are federal dollars, the SFSF dollars must be tracked separately from the state portion of the BEF. As a reminder, PDE has designated separate funding codes for the SFSF dollars sent to school districts.
  - a. Revenue Code 8708 - ARRA – State Fiscal Stabilization Fund
  - b. Funding Source 988\* - ARRA – Basic Education Funding up to 4.1%
  - c. Funding Source 989\* ARRA – Basic Education Funding over 4.1%
  
4. The SFSF portion of the BEF is also subject to additional reporting requirements. School districts will need to submit the following reports to PDE:
  - a. FAI Quarterly Reports: These are reports on the amount of SFSF dollars expended by the district each quarter and the amount of SFSF dollars the district still has on hand. **If a district has an excess of SFSF dollars on hand at the end of the quarter, SFSF payments will be held. It is important to obligate a district's SFSF dollars in a timely manner to be sure that payments are not withheld.**
  
  - b. 1512 Quarterly Reports: SFSF funds are subject to the reporting requirements set forth under Section 1512 of ARRA. Many districts are familiar with the 1512 reports since they are also required for ARRA Title I funds and ARRA IDEA funds which the districts have already received. **Each ARRA funding stream requires a separate 1512 quarterly report.**
  
  - c. PDE collects several pieces of information in the 1512 Quarterly Reports:
    - A brief description of quarterly activities supported by the funding stream;
    - Payments made to vendors with SFSF funds; and

- Jobs created or retained with SFSF funds calculated according to the guidance established by the federal Office of Management and Budget (OMB).  
See links below for more information.

Please watch for future communication from PDE and PASBO about how to submit these 1512 Quarterly Reports.

d. Additional reports on SFSF funds as may be requested by USDE and PDE.

5. **New** Wages paid out of the ARRA State Fiscal Stabilization Fund or out of ARRA funds appropriated for IDEA Part B, preschool, age 3-5, are to be reported as NOT federally funded for the purposes of reporting wages for social security reimbursement.

6. **New** **SFSF and Supplanting of State and Local funds**

SFSF funds are not subject to any federal supplanting prohibitions. However, SFSF funds are being used by Pennsylvania for Basic Education Funding and should follow the guidelines set forth in the PA-PACT application for Basic Education Funding. More information about the Basic Education Funding and the PA-PACT guidelines can be found on PDE's website.

7. **New** More information on BEF versus SFSF:

For ARRA reporting purposes, there is no need to differentiate between Up to/Including/Over 4.1%. All SFSF funds received should be reported on together on your ARRA quarterly reports. Please also remember that ARRA Quarterly Reporting is NOT a complete reconciliation or accounting of funds. Generally, internal expenditures do not get reported on the ARRA Quarterly Reports.

If you need assistance making this distinction between the Hold Harmless and the Up to/Including/Over 4.1% portions of your district's BEF for other purposes, here are some resources which may be of help:

- Accounting in the Pennsylvania Office of the Budget/Comptroller Operations, go to [www.comptrolleroperations.state.pa.us](http://www.comptrolleroperations.state.pa.us).
- Division of Subsidy Data and Administration, Bureau of Budget and Fiscal Management, Pennsylvania Department of Education, go to [PDE Home Contact Us](#).
- For more information on the PA- PACT guidelines, go to [PDE homepage](#) → [Grants and Subsidies](#) → [PA PACT Information](#)

More information about the Basic Education Funding and the PA-PACT guidelines can be found on PDE's website. Go to [PDE homepage](#) → [Grants and Subsidies](#) → [PA PACT Information](#).

For specific questions, please contact:

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8. All documentation on the use of districts' SFSF portion of the BEF should be kept until a district will no longer be subject to audit and review of these funds. Additional guidance on record retention and the format of audits can be found at the links below.
  
9. Additional Information. Please direct any questions about this document, including suggested additions or clarification, via email to: [Ra-stimulus-pde@state.pa.us](mailto:Ra-stimulus-pde@state.pa.us)

[Pennsylvania Association of School Business Officials](#)

[Pennsylvania Department of Education](#)

[American Recovery and Reinvestment Act](#) (Allocations by Institution found here)

[Section 1512 Reporting](#)

[FAI Reporting](#)

[Basic Education Funding Overview & Contact](#)

[U.S. Department of Education Recovery Site](#)

[USDE ARRA 1512 Site](#)

[USDE SFSF Site](#)

[USDE Audit Guidance for SFSF Funds](#)

[USDE Guidance on the State Fiscal Stabilization Fund Program](#)

**Additional Resources:**

[American Recovery and Reinvestment Act of 2009](#)

[www.recovery.gov](http://www.recovery.gov)

[White House Office of Management and Budget ARRA Site](#)