



**EDUCATION JOBS FUND
Frequently Asked Questions**

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

The Ed Jobs program is a *one-time* Federal program that provides \$10 billion in assistance to states, (including \$167 million to Minnesota), to save or create education jobs for the 2010-11 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. The Ed Jobs program is authorized in Public Law No. 111-226, which was signed into law on August 10, 2010.

2. How will funding be allocated to local education agencies (LEAs)?

The Act provides each governor with two choices for allocating Ed Jobs funds to LEAs:

- a. In proportion to the LEAs' relative shares of state aid under the state's primary elementary and secondary education funding formulae for the 2010-11 school year as identified in the state's application for funding under the State Fiscal Stabilization Fund (SFSF) program; *or*,
- b. In proportion to the LEAs' relative shares of funds under Part A of Title I of the Elementary and Secondary Education Act of 1965 (ESEA) for the most recent fiscal year for which data are available.

Minnesota's "primary elementary and secondary education funding formulae" were defined in the state's SFSF application as including the following:

- General Education Aid;
- State Special Education Aid, as adjusted for tuition billing; and,
- State Special Education Excess Cost Aid.

Governor Pawlenty has elected to allocate the Ed Jobs funds in proportion to the LEAs' relative shares of state aid under Minnesota's primary elementary and secondary education funding formulae.

All LEAs that receive state aids under these primary elementary and secondary education formulae are eligible for the Ed Jobs Fund, including intermediate school districts, special education cooperatives and integration districts.

3. Will the state reserve a portion of the funds for state-level administration of the program?

Yes, the Act authorizes each state to reserve up to 2 percent of its allocation for administrative costs of carrying out its responsibilities with respect to the program. However, MDE will use only 0.4 percent for state-level administration, so 99.6 percent of the total allocation will be paid directly to LEAs.

4. How much funding will each LEA receive?

- Preliminary estimates of the Ed Jobs funding for each LEA are posted to the MDE Website at http://education.state.mn.us/MDE/Accountability_Programs/Program_Finance/Federal_Aid/index.html
- Because the allocations are based on current year data, estimated allocations will be revised periodically as updated estimates of FY 2011 pupil units, special education expenditures and other data driving state aid calculations become available.
- *Estimated allocations may change significantly during the course of the year as data are updated.* Estimated allocations for intermediate districts, special education cooperatives and integration districts, which are based primarily on estimated FY 2011 special education tuition bills, are very soft estimates.
- Final allocations will not be determined until all data driving general education aid and state special education aid, including tuition billing, are finalized after the end of the fiscal year.
- The preliminary estimates were calculated using the following data:
 - Estimated general education aid was loaded from Integrated Department of Education Aid System (IDEAS) as of August 18, 2010, and adjusted for the following:
 - For smaller programs within general education where FY 2011 is not yet available on IDEAS, FY 2010 data was used. This includes shared time, private contract alternatives, online learning, St. Charles declining pupil aid, county apportionment adjustments, and compensatory revenue to cooperatives.
 - Tax shift data was taken from end-of-session forecast estimates.
 - Estimated state special education-regular aid was loaded from IDEAS as of August 18, 2010, and represents the entitlement basis for the August 30, 2010, payment.
 - Estimated state special education-excess cost aid is based on 100 percent of final FY 2009 excess cost aid entitlements. This data at 74 percent is the basis for August 30, 2010, IDEAS payment.

5. Will 100 percent of the funds be available for payment during FY 2011?

- Since the goal of the program is to save or create education jobs for the 2010-11 school year, LEAs are encouraged to budget 100 percent of the funds as revenues and expenditures for FY 2011.
- However, because the allocations are based on estimated pupil units, special education expenditures, and other current year data for FY 2011, MDE will limit the amounts reimbursed during FY 2011 to 90 percent of each LEA's estimated allocation in order to prevent overpayments. The remaining funds will be available for final payments as soon as final FY 2011 aid entitlements are determined for the general education and special education programs, and special education tuition billing is finalized.

6. Is the state required to maintain its effort for education? Will the amount of state aid paid to LEAs be reduced to offset the Ed Jobs funds?

Under the Ed Jobs program, a state must maintain fiscal effort for education for FY 2011 under one of the four methods:

- Method 1: Comparing FY 2011 Dollar Levels of Support for K-12 and Higher Education with FY 2009 Levels
- Method 2: Comparing FY 2011 Percentages of Total Revenue Used to Support K-12 and Higher Education with FY 2010 Percentages
- Method 3: Comparing FY 2011 Dollar Levels of Support for K-12 and Higher Education with FY 2006 Levels
- Method 4: Comparing FY 2011 Percentages of Total Revenue Used to Support K-12 and Higher Education with FY 2006 Percentages

Minnesota does not qualify as maintaining effort under methods 1, 2 or 4, but does qualify as maintaining effort under method 3. This method is available only to states with state tax collections for calendar year 2009 that are less than state tax collections for calendar year 2006. The Maintenance of Effort (MOE) requirement under method 3 has two parts as follows:

Elementary and Secondary Education MOE Requirement

For state fiscal year 2011, the state will maintain state support for elementary and secondary education (*in the aggregate*) at not less than the level of such support for state fiscal year 2006;

-And-

Public Institutions of Higher Education (IHE) MOE Requirement

For state fiscal year 2011, the state will maintain state support for public IHEs (not including support for capital projects or for research and development or tuition and fees paid by students) at not less than the level of such support for state fiscal year 2006.

- For purposes of the MOE calculations, state support for elementary and secondary education is calculated based on the amount of state aid allocated through the state's primary funding formulae as defined for the SFSF program.
- Based on 2010 End-of-Session (EOS) estimates, Minnesota is currently estimated to exceed the minimum MOE for FY 2011 by approximately \$71 million. The actual level of effort will not be known until final data is available for FY 2011. The \$71 million is about 1 percent of Minnesota's annual budget for K-12 education.
- Failure to maintain effort for FY 2011 may disqualify Minnesota from receiving both the \$500 million in SFSF funds that were allocated for FY 2010 and the \$167 million in Ed Jobs funds for FY 2011.

- There is no MOE requirement under the Ed Jobs program for state aids not included in the definition of “primary funding formulae”.
- There is no MOE requirement under the Ed Jobs program for FY 2012 and later.
- States are prohibited from using the Ed Jobs Fund to directly or indirectly establish, supplement or restore a rainy-day fund or to reduce or retire debt obligations.
- Any decision to offset a portion of the Ed Jobs money with a reduction in state education aid would need to be made by the 2011 Legislature, within the MOE constraints outlined above.

7. What is the time period allowed for LEAs to obligate Ed Jobs funds?

The Ed Jobs program is intended to support education and related services during the 2010-11 school year. The funds are available for obligations that occur beginning August 10, 2010. An LEA that has funds remaining after the 2010-11 school year may obligate those remaining funds through September 30, 2012. 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)). A chart indicating when an obligation occurs for various types of activities is provided in the Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. 76.707.

8. How soon will funds be available for payments to LEAs?

The funds will become available after the state receives approval for its application and Minnesota’s Legislative Advisory Commission (LAC) takes action to accept the funds. Minnesota’s application was submitted to the U.S. Department of Education (US DOE) on Friday, August 27, 2010. The U.S. Department of Education anticipates awarding a State’s total Ed Jobs allocation within two weeks of submission of an approvable application. Once the application is approved by US DOE and the request is submitted to the LAC, the approval process takes 10 days, barring a request for further review from the committee. Therefore, it is anticipated that funds will be available to reimburse LEA expenditures beginning in late September.

9. What process will LEAs use to apply for funds and receive payments?

- LEAs that submitted a State Fiscal Stabilization Fund (SFSF) application to the State are not required to submit an additional application to receive Ed Jobs funds.
- LEAs that did not submit an SFSF application (e.g., intermediate districts, special education coops, charter schools beginning operations in FY 2009 or later), must submit an Ed Jobs application to the state to receive funds. MDE will make application materials available to LEAs after the state’s application is approved by US DOE and reviewed by the LAC.
- In order to receive funds, all LEAs will enter budget information and submit payment requests in the SERVS financial system. Payments will be made to LEAs as a reimbursement for actual expenditures, as with SFSF payments.

10. For what purposes may an LEA use its Ed Jobs funds?

- An LEA must use its funds only 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.
- LEAS may use Ed Jobs funds to pay compensation and benefits for *existing* employees. For example, an LEA that is deficit spending in FY 2011 in order to maintain class sizes at the same level as in FY 2010 may use Ed Jobs funds to pay salaries of currently employed teachers in order to reduce its spending deficit.
- LEAs may also use Ed Jobs funds to pay compensation and benefits for new employees that the LEA has hired and had planned to use other funds for. For example, an LEA that has added a 4th-grade teacher to reduce class size for the 2010–11 school year, and had planned to use other funds to cover the salary, can use Ed Jobs funds to cover the salary.
- LEAs have the discretion to decide how to use program funds, consistent with the provisions in section 101(5) of the Act and all other applicable requirements. The state may not direct how an LEA may use its Ed Jobs funds.
- 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.

11. What categories of expenses may an LEA support with Ed Jobs funds?

For purposes of this program, the phrase “compensation and benefits and other expenses, such as support services” includes, among other things: salaries, performance bonuses, health insurance, retirement benefits, incentives for early retirement, pension fund contributions, tuition reimbursement, student loan repayment assistance, transportation subsidies, and reimbursement for childcare expenses.

12. Which employees may an LEA support with Ed Jobs funds?

An LEA may use the funds to pay the salaries of teachers and other employees who provide *school-level* educational and related services. In addition to teachers, employees supported with program funds may include, among others; principals, assistant principals, 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.

13. What are the statutory prohibitions on an LEA’s use of Ed Jobs funds?

The statute prohibits LEAs from using Ed Jobs funds for general administrative expenses as that term is defined by the National Center for Education Statistics (NCES) in its Common Core of Data. These prohibited expenses are administrative expenditures related to the operation of the superintendent’s office or the LEA’s board of education, including the salaries and benefits of LEA-level administrative employees.

The statute also prohibits LEAs from using Ed Jobs funds for other LEA-level support services expenditures as that term is defined in the Common Core of Data. These prohibited activities include the payment of expenditures for fiscal services, LEA program planners and researchers, and human resource services.

14. May an LEA use Ed Jobs funds to pay the salaries and benefits of an LEA-level administrative official who also teaches or has other school-level responsibilities?

For an individual with both LEA-level and school-level responsibilities, an LEA may use Ed Jobs funds to pay only that portion of the employee's salary and benefits associated with the time spent on allowable (i.e., school-level) activities. The LEA must maintain documentation substantiating that amount of time.

15. May an LEA use Ed Jobs funds to change previously established employee salary schedules or to reduce the number of furlough days?

- The Education Jobs Act allows an LEA to use Ed Jobs funds, for example, to restore reductions in salaries and benefits and to implement salary increases for the 2010-11 school year. In addition, the Act allows an LEA to use the funds for any additional salary and benefits costs associated with the elimination of furlough days that had been scheduled for the 2010-11 school year.
- However, since there is no provision in the Ed Jobs Act overriding state labor relations laws, any changes in employee compensation would need to be done in accordance with state statutes, including Public Employment Labor Relations Act (PELRA):
 - Minn. Stat. § 179A.20, subd. 3, provides, in part, “*A contract between a school board and an exclusive representative of teachers shall contain the teachers' compensation including fringe benefits for the entire two-year term and shall not contain a wage reopening clause or any other provision for the renegotiation of the teachers' compensation.*”
 - Minn. Stat. § 122A.4144 provides an exception to Minn. Stat. § 179A.20 for Q Comp as follows: “*Notwithstanding section 179A.20 or other law to the contrary, a school board and the exclusive representative of the teachers may agree to reopen a collective bargaining agreement for the purpose of entering into an alternative teacher professional pay system agreement under sections 122A.413, 122A.414, and 122A.415. Negotiations for a contract reopened under this section must be limited to issues related to the alternative teacher professional pay system.*”
 - Ed Jobs funds could be used, for example, to cover salary increases for school-level employees in FY 2011 over FY 2010 due to steps and lanes or changes in the salary schedule that are part of existing collective bargaining agreements.

16. May an LEA use Ed Jobs funds to pay the compensation and benefits of individuals who provide school-level services but are not employees of an 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). However, an LEA that contracts with another LEA to provide educational and related services may use Ed Jobs funds to pay that portion of the contract associated with the salaries and benefits of the employees of the LEA providing the services.

17. 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 2010-11 school year.

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

LEAs will use UFARS Finance Code 152 to track and account for revenues and expenditures for this program. The restricted grid for Finance Code 152 is currently being reviewed, and will be published shortly. 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.

19. Do the reporting requirements under section 1512 of American Recovery and Reinvestment Act (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.

20. Does the Ed Jobs program have reporting requirements in addition to the section 1512 reporting requirements?

Yes. States will submit annual reports to the US DOE for this program that include information on the number of education personnel impacted by the program. The U.S. DOE will be providing guidance on the annual reporting requirements.

21. Has the U.S. Department of Education Issued Guidance regarding the program?

Yes, a document entitled *Initial Guidance for States on the Education Jobs Fund Program* is available on the U.S. Department of Education Website at <http://www2.ed.gov/programs/educationjobsfund/governors-ed-jobs-guidance-final-8-13-10.doc>. The guidance document includes a copy of the enacted legislation. As updated information becomes available from U.S. DOE, it will be posted to the U.S. DOE website at: <http://www2.ed.gov/programs/educationjobsfund/index.html>.

22. Who should I contact at MDE for further information?

Funding allocations and allowable uses of revenue

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UFARS restricted grid

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