

# Texas Education Agency (TEA)

## American Recovery and Reinvestment Act of 2009 (ARRA):

### State Fiscal Stabilization Fund (SFSF)

#### Frequently Asked Questions (as of 11/17/2010)\*

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\* Updates between this document and the previous FAQ are shown in black underline. Three questions have been updated: Allowable Uses of Funds (7.Q. Utilities), Tracking and Accounting (13.Q. Time & Effort), and ARRA Section 1511 Infrastructure Certification and Section 1512 Reporting.

## Funding and Reimbursements

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

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

**2. Q. When is the last day to obligate SFSF Year 2 funds?**

A. All SFSF Year 2 funds must be obligated by September 30, 2011. All goods must be delivered and all services must be rendered by September 30, 2011.

**3. Q. Can LEAs apply to use SFSF Year 2 funds for existing programs that meet one of the four ARRA areas of reform?**

A. Yes. There is no prohibition on supplanting of state and local funds during the grant period or any applicable pre-award period.

**4. Q. What is the pre-award period for SFSF Year 2 funds?**

A. TEA has not yet received any official USDE guidance on pre-award for SFSF Year 2. Once official guidance is received, TEA will provide further information regarding pre-award, such as pre-award begin date. LEAs will have the opportunity to add allowable pre-award costs to their original SFSF Year 2 grant application either during the negotiations process or by amendment.

**5. Q. What is the schedule for regular FSP payments and for SFSF Year 2 funds?**

- A. LEAs will receive their state-funded FSP allocation as usual, according to their payment class. Applications for the SFSF Year 2 funds will be reviewed and approved on a rolling basis. As applications are approved, LEAs may begin drawing down SFSF Year 2 funds according to federal grant guidelines through the automated expenditure reporting (ER) system based on their SFSF Year 2 Notice of Grant Award (NOGA).

## Allowable Uses of Funds

**1. Q. What may SFSF funds be spent on?**

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 construction, modernization, renovation, and repairs, subject to *stringent requirements* in the ARRA as well as federal and state laws; these are considered infrastructure investments. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds, including infrastructure investments. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at: [http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941)

**2. Q. May all LEAs use ESEA Title VIII as authorization for allowable uses of SFSF funds?**

Yes. USDE guidance provides that SFSF funds may be used as allowed under ESEA Title VIII - Impact Aid for general expenses such as salaries, textbooks and equipment and that such use is not limited to LEAs that receive Impact Aid funds. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds under ESEA Title VIII – Impact Aid.

**3. Q. Is using SFSF funds to pay for central appraisal district (CAD) fees allowable under ESEA Title VIII - Impact Aid?**

- A. No. Costs must still be allowable under the federal cost principals. Using SFSF funds to pay for CAD fees is not allowable under ESEA Title VIII - Impact Aid or under any of the other federal programs. Neither is using SFSF funds to pay for expenses or remuneration of the superintendent and the superintendent's office (including personnel in that office), local board members, board meetings, election costs, or tax office costs or for any other expenses that are considered general government expenses under Office of Management and Budget (OMB) [Circular A-87](#).

**4. Q. Is using SFSF funds to pay for fuel costs allowable under ESEA Title VIII - Impact Aid?**

- A. Yes, in some cases. Fuel costs to transport students to off-site activities such as advanced learning courses are allowable. However, fuel costs to transport student to or from the regular school day are not. When considering transportation costs, TEA and USDE encourage LEAs to use SFSF funds on activities promoting the four ARRA education reforms.

**5. Q. Can LEAs use SFSF funds to pay for School Health and Related Services (SHARS) program costs?**

- A. TEA has been unable to obtain guidance on this question and therefore recommends against use of SFSF funds for this activity.

**6. Q. Can LEAs use SFSF funds to pay recapture costs?**

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

**7. Q. Can LEAs use SFSF funds for utility expenses?**

- A. Yes. Utility expenses are a general expense that may be paid using SFSF funds under ESEA Title VIII – Impact Aid. When considering utility expenses, please note that TEA and USDE encourage

LEAs to use SFSF funds on activities promoting the four ARRA education reforms. USDE and TEA evaluation reports are likely to ask how SFSF funds were used to help the State pursue these reforms. In addition, LEAs must also consider the list of unallowable uses in the grant and avoid those uses (such as stadiums or other facilities primarily used for athletics contests or exhibitions or other events for which admission is charged to the general public). Thus, for example, utilities spent to light up the football field for a game where admission was charged would not be allowable. The LEA would have to determine a reasonable method for allocating or estimating the costs of those utilities (LEA financial staff such as an accountant could help define a reasonable method) and be sure not to request reimbursement for them from their SFSF grant.

The definition of utilities for SFSF follows TEA's Financial Accountability System Resource Guide and consists of:

- Water, wastewater treatment, and sanitation (garbage disposal)
- Telephone services and telecommunication charges for cellular telephones, pagers, modem line charges, facsimile charges, etc.
- Electricity
- Natural gas, propane, coal and any other fuel used for the heating and cooling of buildings

TEA recommends LEA's review the Financial Accountability System Resource Guide for information regarding the accounting treatment of utility expenses, including class object codes.

**8. Q. Can LEAs use SFSF funds for maintenance costs?**

No. Payment of maintenance costs is unallowable. Maintenance costs are those expenses that an 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)

**9. Q. Can LEAS use SFSF funds to construct a new cafeteria?**

- A. Yes—*but only if* the new cafeteria is a multipurpose cafeteria and used for instructional purposes majority of the time. 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. School construction, modernization, renovation, and repairs funded by SFSF are subject to ***stringent requirements*** in the ARRA as well as federal and state laws. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at:  
[http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941).

**10. Q. Can LEAs use SFSF funds to make the LEA’s payment to a special education shared services arrangement (SSA)?**

- A. Yes. LEAs may use SFSF funds to make the LEA’s payment to a special education SSA.

The LEA should list this activity in the SFSF Year 2 application under IDEA – Ensure That All Children With Disabilities Have Available to Them a Free Appropriate Education That Emphasizes Special Education Instruction and Related Services Designed To Meet Their Unique Needs.

**11. Q. Can LEAs 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.

When entering the activity in the BS6004 Program Budget Summary and Support, enter it as applicable:

- Report a portable building purchase in part 11 (6629 – Building Purchase, Construction, or Improvements). Ground preparation and leveling, foundation and sidewalk installation, plumbing, and wiring for electric service are construction costs, are

considered an infrastructure investment, and would be requested in part 11. These costs must also be described on Schedule BS6104 Infrastructure Investment Project Costs. School construction, modernization, renovation, and repairs conducted during setup or installation of the portable building and funded by SFSF are subject to **stringent requirements** in the ARRA as well as federal and state laws. You must comply with the requirements of the Davis Bacon Act, Buy American provisions of ARRA, and all other provisions and assurances related to infrastructure. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at: [http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941).

- 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).

**12. Q. Can an LEA use SFSF funds for recruitment/retention bonuses for math and science teachers?**

- A. Yes. Paying teacher recruitment/retention bonuses is an allowable use of SFSF funds under ESEA Title VIII - Impact Aid. To ensure proper reporting of these payments, please review the Section 1512 Quarterly Reporting requirements related to calculating the appropriate number of jobs funded in the case of bonuses.

**13. Q. Can LEAs use SFSF funds to buy teacher laptops?**

- A. Yes. Buying teacher laptops to use in the classroom is an allowable use of SFSF funds under ESEA Title II, Part D or ESEA Title VIII - Impact Aid.

**14. Q. Can our district use SFSF funds to buy computers for the classroom?**

- A. Yes. Buying computers for the classroom is an allowable use of SFSF funds under ESEA Title II, Part D or ESEA Title VIII - Impact Aid.

**15. 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. This activity is an allowable use of SFSF funds under ESEA Title VIII - Impact Aid.

**16. Q. Can we give a one-time payment to staff from SFSF funds up-front at the beginning of the school year?**

A. 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.

**17. Q. Our LEA 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. But the LEA must be financially prepared to revert back to General Revenue funds after September 30, 2011, when SFSF funds expire.

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

A. Yes. Paying instructional substitute costs in a schoolwide program is an allowable use of SFSF funds under ESEA Title I, Part A or ESEA Title VIII - Impact Aid.

**19. Q. We are replacing a roof on our middle school instructional building. Will the replacement costs be allowable use of funds under the SFSF grant?**

A. Yes – *if* the roof is being replaced due to specific damage (e.g., hurricane) or it has completed its useful life. The replacement of roofs is allowable under school modernization, renovation and repair. Regular maintenance on the roof to keep it in good operating condition would not be allowable. School construction, modernization, renovation, and repairs funded by SFSF are subject to ***stringent requirements*** in the ARRA as well as federal and state laws; these are considered infrastructure investments. You must comply with the requirements of the Davis Bacon Act, Buy American provisions of ARRA, and all other provisions and assurances related to infrastructure. These costs must be described on Schedule BS6104 Infrastructure Investment Project Costs. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at: [http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941).

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

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

**23. Q. What does "inconsistent with state law" mean in documents related to using SFSF 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.

School construction, modernization, renovation, and repairs funded by SFSF are subject to ***stringent requirements*** in the ARRA as well as federal and state laws; these are considered infrastructure investments. You must comply with the requirements of the Davis Bacon Act, Buy American provisions of ARRA, and all other provisions and assurances related to infrastructure.

These costs must be described on Schedule BS6104 Infrastructure Investment Project Costs. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at: [http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941).

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

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

- A. Yes. School construction, modernization, renovation, and repairs funded by SFSF are subject to ***stringent requirements*** in the ARRA as well as federal and state laws ; these are considered infrastructure investments. You must comply with the requirements of the Davis Bacon Act, Buy American provisions of ARRA, and all other provisions and assurances related to infrastructure. These costs must be described on Schedule BS6104 Infrastructure Investment Project Costs. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at: [http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941).

**25. Q. Can SFSF funds be used to purchase or upgrade a vehicle?**

- A. No. The SFSF statute specifically prohibits the use of funds for the purchase or upgrade of vehicles, including the purchase of school buses.

**26. 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, when charging indirect costs to the SFSF grant. Refer to the instructions for Schedule BS6004 – Program Budget Summary and Support for more information on charging indirect costs to this grant.

## Completing the Application

**1. 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. The “authorized official” is the superintendent/chief executive officer or his/her designee and the person who will represent the LEA in the event of any legal dispute related to the grant. Please consider whether the person certifying goes by a nickname and ensure they enter their name as associated with the TEASE login information.

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

A. Yes. Refer to the instructions for Schedule GS2900 – Purpose of Amendment for information about when and how to amend your application.

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

A. You can upload attachments to the application from the eGrants “Table of Contents” page by selecting the attachments button near the bottom of the page.

**4. 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.

**5. 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 Division of Formula Funding at (512) 463-8525 for further assistance.

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

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.

**8. Q. In the PS3410 – Program Assurances and Activities part of the application, does each activity the LEA seeks to fund using SFSF funds have to be authorized under one of the four specified education acts?**

A. Yes. Each activity the LEA seeks to fund must be authorized under one of the four specified education acts (ESEA, IDEA, AEFLA, or Perkins). In the PS3410 – Program Assurances and Activities, enter each activity the LEA seeks to fund using SFSF funds under the appropriate education act and further, under the appropriate line item of Authorized Activities within that education act. This helps TEA quickly identify what section of the corresponding education act the LEA is relying on to authorize the expenditure. For example, listing the activity “teacher salaries (6100)” under ESEA Title VIII – Impact Aid clearly indicates Impact Aid as an authorization to spend SFSF funds on teacher salaries and that the LEA will enter the activity in the class/object code 6100 in the BS6004 - Program Budget Summary and Support.

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

A. Simply include an indication that the activity is either wholly or partially pre-award in the activity description. Then, in the Pre-Award Cost Worksheet (available in the eGrants system), enter the same activity description in the appropriate class/object code area and indicate the amount being applied to the pre-award period. If the activity is wholly pre-award, then the amount on the PS3410 – Program Assurances and Activities will be identical to the amount entered in the Pre-Award Cost Worksheet. If the activity is only partially pre-award, then the amount in the PS3410 - Program Assurances and Activities will be larger. Be sure to attach the Pre-Award Cost Worksheet to the application.

**10. Q. If our LEA is including pre-award costs, must we attach and submit the Pre-Award Cost Worksheet with the SFSF application?**

A. Yes. You must also ensure that the pre-award costs specified in the Pre-Award Cost Worksheet match those specified in the SFSF application. Pre-award costs must also be listed on the appropriate lines on Schedule BS 6004 – Program Budget Summary and Support.

**11. 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.

**12. 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 - Program Budget Summary and Support, list staff incentive pay under "Other" with an estimated position count.

**13. Q. On line 10 (Teacher) of Part 3 (Number of Positions) of the BS6004 – Program Budget Summary and Support, 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.

**14. Q. Does the BS6004 – Program Budget Summary and Support section 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 – Program Budget Summary and Support Part 2 Budgeted Costs (6100 Payroll Costs) and Part 3 Number of Positions must be completed for all positions to be charged to the SFSF funds, including any teachers receiving pay raises from these funds.

**15. 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.

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

A. Select the Instructions button from within the BS6004 – Program Budget Summary and Support in the eGrants application for SFSF Year 2 and search for Part 10 Capital Outlay. Also refer to the Financial Accounting and Reporting (FAR) module, section 1.4.9, for a description of expenditures that should be coded to 6600 Capital Outlay.

**17. Q. ESEA Title V is not currently funded under the No Child Left Behind Act (NCLB). Can an LEA select Title V in the SFSF Year 2 application as an authorization for spending SFSF funds?**

A. Yes. An LEA may select ESEA Title V as an authorization to spend SFSF funds. 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.

**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. School construction, modernization, renovation, and repairs funded by SFSF are subject to **stringent requirements** in the ARRA as well as federal and state laws; these are considered infrastructure investments. You must comply with the requirements of the Davis Bacon Act, Buy American provisions of ARRA, and all other provisions and assurances related to infrastructure. These costs must be described on Schedule BS6104 Infrastructure Investment Project Costs. Refer to the SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more information on Section 1511 Infrastructure Certification and Section 1512 Reporting at:  
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**19. 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.

## Federal Spending Rules

**1. Q. If our LEA purchases computers 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 LEAs 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. LEAs 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 SFSF Year 2 Program Guidelines for more complete information on allowable uses of funds. Also, please see the ARRA Reporting link on the TEA ARRA website for more

information on Section 1511 Infrastructure Certification and Section 1512 Reporting at:  
[http://www.tea.state.tx.us/index2.aspx?id=4570&menu\\_id=934&menu\\_id2=941](http://www.tea.state.tx.us/index2.aspx?id=4570&menu_id=934&menu_id2=941)

## Tracking and Accounting

**1. Q. Must LEAs submit a needs assessment and should LEAs include use of SFSF funds in district and campus improvement plans?**

A. Although LEAs 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. LEAs may have to respond to financial review of the SFSF funds from auditors in the future. In the plans, LEAs should discuss what they are doing with the funds and how these resources/staff will meet the needs of students.

**2. 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 60 percent of this allotment on this program?**

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

**3. 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.

**4. 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.

**5. 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.

**6. 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.

**7. 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 federal funds.

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

A. Certification requirements do not apply to salaries funded out of SFSF funds.

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

A. Yes.

**10. 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.

**11. 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.

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

A. Yes.

**13. Q. Does time and effort apply to salaries funded with SFSF funds?**

A. Time and effort does not apply to salaries funded with SFSF funds. However, LEAs should be careful in situations where salaries are split-funded between SFSF and other sources of funds as any time and effort reporting requirements applicable to sources of funds other than SFSF would still apply. For additional information, refer to the USDE State Fiscal Stabilization Fund Program [Guidance for Grantees and Auditors](#) issued on December 19, 2009.

## Teacher Retirement System and SFSF

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

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

**2. 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.

**3. Q. If our district pays both the step increase and the mandated increase in HB 3646, 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 state TRS.

## ARRA Section 1511 Infrastructure Certification and Section 1512 Reporting

For additional information on ARRA Reporting, refer to [Section 1511 Infrastructure Investment Certification](#), [Section 1512 Reporting](#), and the [ARRA Reporting Frequently Asked Questions](#) websites.

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