



AMERICAN RECOVERY AND REINVESTMENT ACT

State Fiscal Stabilization Fund Phase II

Frequently Asked Questions

1. How will a state qualify for Stabilization Funds/Phase II?

The State must submit an application and be approved by the U.S. Department of Education (USED). The Phase II application is more complex than Phase I, as it requires states to provide specific data and information on the status of the four core reform assurance areas along with a State plan describing our ability to collect and report required data and information.

2. When will the State submit its application?

The Education Stabilization Phase II application has not yet been released by USED. Based on preliminary guidance, the State already is preparing to complete the application in order to be ready to submit as soon as the application is released.

3. What are the acceptable uses of these funds? Will it be the same as allowable Phase I expenditures in 2008-2009?

Until USED guidance is final, the State does not have a definitive answer to this question. Preliminary information, however, has not referenced any changes in acceptable uses.

The original intent of the SFSF funds was to save and create jobs and to advance essential education reforms to benefit students from early learning through postsecondary education, including: college-and career-ready standards and high-quality; valid and reliable assessments for all students; development and use of pre-K through postsecondary and career data systems; increasing teacher effectiveness and ensuring an equitable distribution of qualified teachers; and turning around the lowest-performing schools.

4. Will districts need to submit an ARRA Education Stabilization Phase II application?

No new application is required.

5. How will Phase II approvals be processed?

The Michigan Department of Education (MDE) staff will approve FY 2010 grants using the applications already submitted in Michigan Electronic Grants System (MEGS). Once the FY 2010 approvals are processed, LEAs/PSAs will be notified of their allocations and will use the Cash Management System (CMS) to access their funds.

6. Will a budget be needed at some point in the MEGS system? If so, what is the due date?

No.

7. When will districts know their FY 2010 allocation?

FY 2010 allocations will be determined when the FY 2010 State School Aid appropriation is passed by the Legislature and signed by the Governor.

8. When will the FY 2010 Education Stabilization funds be available?

The availability of funds will depend on several factors:

- When the Education Stabilization funds are appropriated by the Legislature.
- Submission, and subsequent approval, of the State's Education Stabilization Phase II application.
- Receipt and processing of the Federal funds.
- The State School Aid payment, based on the budget.
- Processing of approvals in MEGS, making the funds available in CMS.

9. Will there be State Aid reductions to the foundation allowance? If so, how will these be handled?

There is a possibility of a reduction in the foundation allowance due to the significance of the State's budget shortfall for 2009-2010. Stabilization funds will be available to help offset some of the reductions for 2009-2010. There are some remaining Phase I funds that still need to be appropriated by the legislature. Phase II funds will be available once the application is approved. However, this phase of the process is more complex than Phase I and all Phase II will not be available immediately in October.

10. Will all of the Phase II funding be used to support FY 2009-10 or will some be "saved" for FY 2010-11? Do we have input?

This will be determined through the state budget process. Normal input channels should be used to share your thoughts with your state Representatives and Senators.

11. What happens if the State does not receive the Education Stabilization Phase II funding, based on our Phase I performance/reporting? Is this possible?

If the state's Phase II application is not approved, Michigan will not be eligible for the remaining 33% of the Federal funds. Experience to date has been that federal agencies are more than willing to work with states to help ensure they receive their allocations. Preliminary information suggests that Phase II approval will not require achievement of all indicators/descriptors, but will require the State to document it is making progress in all of the required assurances.

12. How and when will LEAs/PSAs report on the funds use? Will this be through the CMS system?

Reporting for Recovery Act grant funds must be completed by all recipients of these funds whether they were received from the Michigan Department of Education or directly from the federal government. Reporting will take four basic forms:

- Section 1512
- Final Expenditure
- Program
- Financial Information Database (FID)

Final expenditure reports will be completed in CMS and Section 1512 will be completed using data pulled from several systems. LEAs and PSAs receiving Stabilization funds will need to use MEGS to report additional information (e.g., jobs created/retained, vendor contract information, infrastructure projects completed) required by the federal Office of Management and Budget (OMB). Section 1512 reporting is required quarterly, starting October 10, 2009. MDE will send official communications on all reporting requirements as soon as they are finalized by OMB and USED. Timelines are anticipated to be relatively short with expectations for quick turnarounds.