



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



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GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

June 12, 2009

MEMORANDUM

TO: Intermediate and Local School District Superintendents and Public School Academy Administrators

FROM: Carol Wolenberg, Deputy Superintendent *aw*

SUBJECT: Tentative Allocations and Accounting for Education Stabilization Funds Grant (CFDA #84.394)

In order to protect districts against any further unanticipated revenue declines throughout the remainder of this year, the Legislature is recommending an appropriation of \$600 million of the federal Education Stabilization funds. Based on this proposal, tentative allocations for FY2009 Education Stabilization (ES) Funds have been determined for all eligible local education agencies (LEAs). These allocations have been loaded into the Michigan Electronic Grants System (MEGS) and are available for viewing on the Michigan Department of Education (MDE) Grants Office Web page (<http://www.michigan.gov/mde-grants>) under the What's New Section, ARRA State Fiscal Stabilization Fund.

ES grant applications are now able to be submitted. The ES Funds are part of the American Recovery and Reinvestment Act of 2009 that have been awarded to the State of Michigan.

All LEAs having a reduction in their State School Aid section 22b funds may use MEGS to apply for the ES grant funds that have been appropriated to offset the Section 22b reductions. The ES Funds are Federal funds and are subject to all the Federal regulations, rules, and guidelines that apply to all Federal grant awards. The details concerning the regulations and rules are outlined in the grant assurances. Once the grant application is reviewed by MDE, the application will be approved for the amount of the FY2009 allocation. LEAs can access their funds using the Cash Management System (CMS). Approval of grant awards can only be done after legislative appropriation and Superintendent of Public Instruction approval.

Districts should account for Education Stabilization funds as revenue major class code "412-Federal Unrestricted Revenue Received through the state." The revenue suffix code is "0230-American Recovery and Reinvestment Act." The expenditure state code is "641-ARRA State Stabilization Funds." Using this coding on the

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Financial Information Database (FID) will assure that these funds are appropriately used when calculating local and state Maintenance of Effort requirements for fiscal year 2010-11.

The ES Funds may be used for any activity authorized by the Elementary and Secondary Education Act of 1965 (ESEA); Individuals with Disabilities Education Act (IDEA); Adult Education and Family Literacy Act (AEFLA); Carl D. Perkins Career and Technical Education Act (Perkins Act); or for modernization, renovation or repair of public school facilities including modernization, renovation, and repair that is consistent with a recognized green building rating system. As a result, expenditures previously recorded against discretionary funds should be recoded to show they were paid for with these funds prior to cash reimbursement through the CMS. Expenditures from April 1, 2009, can be recoded to the Education Stabilization Funds if properly documented. A final expenditure report will be required and it is imperative that districts maintain appropriate documentation to assure that the funds were expended for the purpose of restoring State School Aid.

Questions regarding this memo may be directed to the Grants Administration and Coordination Unit at 517-373-1806 or mdestabilization@michigan.gov. Questions related to accounting for these funds may be directed to Glenda Rader, State Aid and School Finance at 517-335-0524 or raderg@michigan.gov.

cc: William Mayes, MASA
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