

EED Fact Sheet
ACCOUNTING REQUIREMENTS
for
American Recovery and Reinvestment Act (ARRA)
Title IA, Title IID, IDEA, and
State Fiscal Stabilization Funds

Information updated as of 5/20/2009

1. ARRA requires that recipients of funds made available under that Act separately account for, and report on, how those funds are spent. The U.S. Department of Education (USDOE) has assigned a new CFDA number to the ARRA funds in order to facilitate separate accounting for the funds. Recipients will need to maintain accurate documentation of all ARRA expenditures to ensure that the data reported is accurate, complete, and reliable. States will be expected to monitor sub-grantees to help ensure data quality and the proper expenditure of ARRA funds. Districts should expect that all ARRA-related budgets, accounting information, and programming documents will be made public on the EED web page. (*E-1, page 19 April IDEA Guidance; VII-1 page 42, SFSF guidance; E-4 page 38 TIA ARRA guidance*)
2. Indirect Costs: Districts are allowed to apply their currently negotiated restricted indirect cost rate to obligations incurred under the ARRA. The negotiated restricted indirect cost rate for the current fiscal year is based on actual cost information from a prior fiscal year. Therefore, applying the currently negotiated restricted indirect cost rate to the increased funding under the ARRA (which was not considered in the rate calculation) could result in an over-recovery of indirect costs in the current period. Such an over recovery will be adjusted in a future fiscal year, thereby reducing indirect cost recoveries during that future period. To avoid a future compounding effect of fewer program dollars and reduced indirect costs, USDOE recommends that an SEA or LEA closely monitor the potential impact of the ARRA on its indirect cost recoveries and consider making appropriate adjustments during the current period. Those adjustments will lessen the dollar impact in future years and allow for stability in future budgets. (*Indirect Costs, C-22 page 32 April TIA ARRA Guidance; B-7, page 10-11 April IDEA Guidance*)
3. Districts will obligate the funds by September 30, 2011, to support authorized activities in school years 2008-2009, 2009-2010, and 2010-2011. ***SFS Funds are not available for obligations until an application is received and approved. For example, approval date is when funds can be encumbered; no funds can be used for activities that took place prior to this date.*** (EDGAR 76.707)

In the absence of a waiver, a district must obligate at least 85 percent of its total FY2009 Title I, Part A funds, including its Title I, Part A ARRA funds, by September 30, 2010. A district must obligate all of its Title I, Part A FY2009 funds, including its Title I, Part A ARRA funds, by September 30, 2011.

4. Districts should be prepared to provide EED with any information it requires to meet the state's responsibility to report to the USDOE. The state reports will be quarterly (Section 1512 ARRA) and annually (Section 14008 ARRA). State reports will include at least: the uses of the funds; the number of jobs estimated to have been saved or created; estimates of tax increases averted by use of these funds; and a description of each modernization, renovation, and repair project funded, including costs. Since the state reports are to be submitted no later than 10 days after the end of each quarter; districts will need to report to EED no later than 5 days after the end of each quarter. Reporting dates will be as follows: July 5, October 5, January 5, and April 5.

Note: It may likely be necessary to capture data about ARRA expenditures at each individual school site. EED will provide additional information regarding this requirement as soon as it is available. Districts are strongly encouraged to prepare to capture school-level expenditures as part of the planning for reporting on these sub-grants. For districts receiving Title I, Part A ARRA funds, the districts will be required to submit a report of a school-by-school listing of per-pupil educational expenditures from state and local sources by December 2009.

5. EED will monitor the specific uses of these funds during its regular 2009-2010 and 2010-2011 NCLB and IDEA monitoring processes.
6. To maximize the transparency and accountability of funds authorized under ARRA, recipients and sub-recipients need to *separately* identify the expenditures for Federal awards under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This shall be accomplished by identifying separately the CFDA number and including the prefix "ARRA-" in identifying the name of the federal program. This information is needed to allow the recipient to properly monitor sub-recipient expenditures of ARRA funds as well as oversight by the Federal awarding agencies, Offices of Inspector General, and the Government Accountability Office. (*OMB Updated Implementing Guidance for ARRA, April, M-09-15, page 170-172*)

Furthermore, in order to ensure that ARRA funds are properly accounted for, each portion of ARRA funds must be reported in a separate special revenue fund in a district's annual independent audit.

7. Supplement, Not Supplant and Maintenance of Effort requirements do apply at the local level to most ARRA programs. Districts should review guidance specific to each of the programs to determine which requirements apply and how they will be audited and/or monitored. (*Supplement, Not Supplant, page 28-29 April TIA ARRA Guidance; C-6, page 12 April IDEA Guidance; and Maintenance of Effort, page 24-28 April TIA ARRA Guidance; C. Waivers page 11-14, and D-6 – D-12 page 16-19 April IDEA Guidance*)
8. Districts may only draw down funds as needed to pay program costs. In addition, EED and districts must promptly, but at least quarterly, remit to USDOE interest earned on advances (34 CFR § 80.21(i)).