



U. S. DEPARTMENT OF EDUCATION

WHITE HOUSE INTERAGENCY GROUP ON INSULAR AREAS February, 2012

EDUCATION RECOVERY ACT AWARDS

EDUCATION JOBS FUND – PUBLIC LAW 111-226

The Education Jobs Fund program (Ed Jobs) was signed by President Obama on August 10, 2010 and provided \$50 million to the Insular Areas to save or create education jobs for the 2010 to 2011 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.

Allocations to each Insular Area have been made and were determined by formula on the basis of (1) its relative population of individuals who are aged 5 to 24, and (2) its relative total population. This is the same method by which the Department allocated funds to the Insular Areas under the State Fiscal Stabilization Fund (SFSF) program. The Education Jobs Fund requires that funds are used to pay the salaries and benefits of teachers, school administrators, and other essential staff. The funds can be used to recall or rehire former employees, retain existing employees, and hire new employees to ensure that students receive vital educational and related services. These funds may not be used for general administrative expenses, overhead, or other support services by school districts.

<http://www2.ed.gov/programs/educationjobsfund/index.html>

ARRA – STATE FISCAL STABILIZATION FUND – TITLE XIV OF PUBLIC LAW 111-5, AS AMENDED BY PUBLIC LAW 111-8

The SFSF program authorized the Secretary to allocate up to one-half of 1 percent of the funds appropriated for the program to the Insular Areas on the basis of their respective needs, as determined by the Secretary, in consultation with the Secretary of the Interior, for activities consistent with the SFSF statute under terms and conditions determined by the Secretary. The Secretary made available to the Insular Areas the maximum amount, which was a total of \$268,000,000. <http://www2.ed.gov/programs/statestabilization/applicant.html>

SFSF APPLICATION REQUIREMENTS

The Insular Areas submitted SFSF Applications containing specific project descriptions, including budgets and timelines which were approved by the United States Department of Education (USDOE). ARRA requires a high level of transparency and accountability and extensive reporting requirements, which the Insular Areas met. Because the majority of the Insular Areas (all, with the exception of the Commonwealth of the Northern Mariana Islands)

have been designated as high risk grantees, the Secretary established SFSF application requirements for the Insular Areas that were somewhat more stringent than for the States. The following is a summary of the SFSF application requirements applicable to the Insular Areas:

- Governors must assure at least the same level of budget support (maintenance of effort or MOE) for education in FYs 2009, 2010, and 2011 as provided in FY 2006.
- ED may waive MOE under certain conditions so long as the proportional reduction in the Insular Area's revenues for education does not fall below the proportional reduction in the total of the Insular Area's revenues from the previous year.
- The total Stabilization Award consists of two parts: 81.8% is awarded under the Education Stabilization Fund (Public Elementary and Secondary Institutions and Public Higher Education Institutions) and 18.2% is awarded under the Government Services Fund. The Governor may propose a different allocation, which will be approved as long as the Governor has demonstrated, to the Secretary's satisfaction, that a variation in the percentages is warranted.
- Education Stabilization funds may be used to restore non-federal support for elementary and secondary education, public higher education, and, as applicable, early childhood education programs and services.
- Government Service funds may be used for public safety and other government service, which may include elementary and secondary education and public institutions of higher education.
- Insular Areas must provide assurances that they will:
 - Establish or complete the implementation of a credible financial management system consistent with 34 C.F.R. § 80.20 (a) and (b);
 - Enhance the qualifications and effectiveness of teachers in public elementary and secondary schools;
 - Improve the quality of, and implement improved, academic standards and assessments;
 - Establish a longitudinal data system that includes the elements described in the America COMPETES Act;
 - Modernize, renovate, or repair public educational facilities; and
 - Strengthen the technology infrastructure of public educational institutions and governmental agencies.
- Prohibited Uses
 - Maintenance costs (IT support allowable);
 - Stadiums or facilities used for athletic contests or events for which admission is charged;
 - Purchasing vehicles (leasing allowable);
 - Facilities used only for central office administration, operations, or logistical support (at least part of facility must be for providing education);
 - School modernization, renovation, or repair that is inconsistent with the Insular Area's own laws.

INSULAR AREA AWARD ALLOCATIONS

Using 2000 census data, funds were distributed by formula to each Insular Area, with 61 percent of each Insular Area's allocation based on relative population aged 5-24 and 39 percent based on relative total population. The resultant award amounts are:

EDUCATION JOBS FUND

Insular Area- U.S. Territory	ED Jobs Fund	Avail. Balance 2/7/12
American Samoa	\$ 8,324,352	\$ 3,344,238
Commonwealth of the Northern Mariana Islands	\$ 8,289,850	\$0
Guam	\$ 20,146,108	\$0
U. S. Virgin Islands	\$ 13,239,690	\$0

STATE FISCAL STABILIZATION FUND

Insular Area- U.S. Territory	SFSF Total	SFSF-ESF	Avail. Balance 2/7/12	SFSF-GSF	Avail. Balance 2/7/12	Late Liquidation Requests Expires
American Samoa	\$44,618,528	\$36,497,956	\$14,646,817	\$8,120,572	\$1,303,280	Pending confirmation from AS
CNMI	\$44,433,595	\$36,346,681	\$0	\$8,086,914	\$271,257	06/1/12
Guam	\$107,983,137	\$75,742,784	\$5,860,274	\$32,240,353	\$8,994,691	10/31/12 and 03/31/12 respectively
U.S. V. I.	\$70,964,740	\$58,049,157	\$6,585	\$12,915,583	\$1,951,871	04/01/12 and 10/1/12 respectively

SUMMARY OF APPROVED PROJECTS INCLUDING AMENDMENTS

In addition to approval of the four Insular Areas Applications, several amendments to projects were also approved by USDOE. Amendments approved were consistent with guidance and requirements summarized above.

American Samoa The American Samoa Government (ASG) and the American Samoa Department of Education (ASDOE) have worked diligently to obligate and liquidate funds. Specific challenges are in the areas of procurement, primarily in the contract development, evaluation, selection, and award processes. Despite these challenges, ASG and ASDOE awarded several significant contracts, including a \$2,499,412 contract awarded for implementation of the

ASDOE's Longitudinal Data System. Also awarded were contracts for school facility repairs (\$3,534,082 - in process) and expanding the ASG's Integrated Financial Information System (IFIS) and related development projects (\$189,814 - contract change orders in process). Personnel stipends have also been processed (\$106,353 - completed and to be obligated) as well as purchase orders for IT services, Classroom Support, and Instructional materials (\$1,345,177 total - issuing of POs pending). While the total of \$7,674,838 is encouraging, much more work needs to be done to ensure that late liquidations with all necessary supporting documents are forthcoming to address the remaining balances. The combined available balances are \$16,000,000 in both the SFSF ESF (\$14,646,817) and SFSF GSF (\$1,303,280) awards, and \$3,300,000+ in the Education Jobs grant USDOE will focus increased effort in ascertaining ASG and ASDOE's status with late liquidation request.. ASG did submit a late liquidation request to the Department in late September 2011 however, the request was returned due to missing information including the total liquidation amount requested and other required information. ASG has previously reported that approximately \$249,000 will lapse in SFSF monies. More detail will be requested to determine if this estimate is still correct.

Commonwealth of the Northern Marianas (CNMI) The CNMI Public School System (PSS) focused the majority of its ARRA SFSF/ESF on CIP projects for its public schools on three islands Saipan, Rota, and Tinian; and a laptop program serving over 600 students. The Northern Marianas Community College focused on professional development and technology infrastructure upgrades for its campuses in response to accreditation recommendations. Of the \$36,346,681 awarded, \$35,766,681 was obligated by December 31, 2011. The CNMI Governor's Office targeted the ARRA SFSF/GSF on the development of a financial management system, a medical referral system for the island, critical public health needs, and personnel expenses for the CNMI PSS. Of the \$8,086,914 awarded, there is currently \$271, 257 remaining to be liquidated by June 1, 2012.

Guam The Guam Department of Education used the services of University of Guam students and procurement experts provided by Alvarez & Marsal (third-party fiduciary agent) to overcome major challenges with the implementation of its procurement process to support multiple contracts for approved activities in both its Phase I and Phase II applications. After several amendments, Guam used the majority of its ARRA SFSF/ESF to support personnel expenses, a new financial management system, and services of a third-party fiduciary agent, STEM (science, technology, engineering and mathematics) projects, and a needs assessment for school CIP (construction improvement plans) projects. Guam legislation was passed to create a Trust Fund designated to commit local funding for CIP and technology projects originally approved in the Phase I and Phase II applications. Of the \$75,742,784 awarded, there is currently \$5,860,274 remaining to be liquidated by October 31, 2012. The remaining Guam government agencies, including the Guam Community College, University of Guam, Bureau of Budget and Management Research, Department of Revenue and Taxation, and the Bureau of Information Technology proposed projects ranging from major technology infrastructure, hardware and software improvements, and the new construction, renovation and modernization of higher education facilities. Of the \$32,240,353 awarded for the ARRA SFSF/GSF, there is currently \$8,994,691 remaining to be liquidated by March 31, 2012.

Virgin Islands The Virgin Islands Department of Education (VIDE) used the services of its third-party fiduciary agent, Thompson, Cobb, Bazilio, and Associates to support fiscal management and procurement activities for the SFSF ESF funds and other program-specific ARRA funds. The SFSF GSF funds were managed exclusively by the Governor's Office. VIDE used nearly the entire allocation of \$58,049,157 of SFSF ESF funds for teacher retention (i.e. reimbursement to the Government for teacher salaries), which avoided significant teacher reductions and furloughs. These funds, along with the Education Jobs funds were a significant relief to the Government of the Virgin Islands (GVI) at a time of fiscal crisis within the territory similar to that across the nation. Other uses of these funds included procuring security cameras for schools. The \$12,915,583 allocation for SFSF GS was used for a variety of projects, the majority of which were renovations and modernization of facilities of the University of the Virgin Islands (\$8,797,800). Renovations and remediation to several buildings on campus, including providing renovations to classrooms and labs, ramps to buildings and HVAC, electrical, and telecommunications systems were key projects. \$2,425,159 of the SFSF GS allocation was used in support of development and implementation of the GVI's Standardized Automated Time and Attendance (STATS) project within the VI Department of Finance. The STATS project will provide biometric time and attendance capabilities to improve overall accountability of staff attendance and productivity, reduce unwarranted payroll related costs, and enhance tracking and reporting of time and attendance. Other projects included the funding of the Governor's Office of Economic Opportunity (\$1,692,624) which was established to help identify and promote job opportunities for VI citizens. For the SFSF ESF award, \$6,585 remains to be liquidated by April 1, 2012 of the total award of \$58,049,157. Of the \$12,915,583 awarded under the VI's SFSF GSF grant, \$1,951,871 remains to be liquidated by October 1, 2012, of which \$519,606 is related to the completion of the STATS project implementation/rollout, while the remaining \$1,432,265 will cover final remediation and renovation work on the UVI projects.

CONSOLIDATED GRANTS TO INSULAR AREAS

Under 48 U.S.C. § 1469a, each Insular Area (American Samoa, Guam, Commonwealth of Northern Mariana Islands, and Virgin Islands) may "consolidate any or all grants made to it for any fiscal year or years." Under the consolidated grant authority, Insular Areas may use and administer funds only under programs during a fiscal year for which the Insular Area is entitled to receive funds under an appropriation for that program, 34 C.F.R. § 76.136. Each year, the Department of Education (Department) identifies the programs under which the Insular Areas may consolidate their funds (currently, 12 of the Department's programs are eligible for consolidation). Each Insular Area has consistently used the consolidated grant authority to consolidate the majority of its funds and carry out activities under Title V, Part A (Title V-A) of the Elementary and Secondary Education Act (ESEA). The Insular Areas choose to consolidate their funds under Title V-A because of the number and broad scope of activities authorized under the program. In addition, Title V-A allows State educational agencies to reserve up to 15 percent of their allocations to carry out a number of State-level activities and for administration of the Title V-A program.

Since fiscal year (FY) 2008, Congress has not appropriated funds for Title V-A; therefore, absent Congressional action, the Insular Areas were not authorized to continue to consolidate funds under Title V-A.¹ If unable to use their funds under Title V-A, the Insular Areas would have been restricted to a much more limited use of their funds under the consolidated grant authority. This would have meant a potential disruption in, and major changes to, programs implemented by the Insular Areas, including with respect to services provided and students and teachers served. Thus, for the last few years (FY 2009 through the current FY 2012), Congress has included in the Education appropriations law a provision specifically authorizing the Insular Areas to consolidate funds under Title V-A. The most recent extension of this authority is in the Consolidated Appropriations Act, 2012, Division F, Title III, section 305, which states that “[t]he Outlying Areas may consolidate funds received under this Act, pursuant to 48 U.S.C. 1469a, under Part A, Title V of the ESEA.”

The authority to consolidate funds under Title V-A may be extended again in FY 2013 under the appropriations act for that fiscal year, if Congress again takes that action. The Department has approved requests from American Samoa, Guam, and the Virgin Islands to extend the period for obligating funds under their FY 2009 consolidated grants and their FY 2009 ARRA consolidated grants for an additional 12 months through September 30, 2012.

¹ In FY 2008, the Insular Areas were able to obtain a waiver to continue to consolidate funds under Title V-A, but the waiver was applicable only for that fiscal year.