

## Frequently Asked Questions

### About Budget Secretary Charles Zogby's January 28, 2011 Letter to the Appropriations Committee Chairs

- 1. In his letter, Secretary Zogby stated that he was placing \$364.3 million of current-year appropriations into budgetary reserve and that the reduction in the state Basic Education Funding appropriation will be offset by federal Education Jobs Fund monies. What happens to the \$364.3 million when it is placed into budgetary reserve?**

It will be held for return back to the General Fund.

- 2. Are there limitations on what that money may be used for in next year's budget?**

Funds placed into budgetary reserve that are ultimately returned to the General Fund are subject to appropriation by the General Assembly – as are other available dollars in the General Fund.

- 3. What is the likelihood that the money will be returned to the education budget next year?**

Governor Corbett is currently developing his 2011-12 budget proposal for presentation on March 8, 2011.

It should be noted that the use of the federal Education Jobs Fund monies restores \$50 million for public schools in the current fiscal year that was previously placed into budgetary reserve by Governor Rendell.

- 4. Who controls the budgetary reserve and what is the purpose of the reserve?**

The Budget Secretary has the authority to place certain funds into budgetary reserve.

The purpose of the reserve is to save state funds by reducing expenditures in an effort to keep the budget in balance, both in this fiscal year and the next fiscal year. Hopefully, it allows us to protect a number of appropriations. Actions taken to reduce state spending in the current year help in preparing a balanced budget proposal for 2011-12.

- 5. How much federal Education Jobs Fund money did the state receive?**

Pennsylvania received \$387,816,000 million in federal Education Jobs Fund monies.

- 6. Were those funds originally allocated to something else? If so, what area no longer receives this money?**

This is new federal education funding that had not been allocated previously.

**7. Has the state had to get any special approval to use federal Education Jobs Fund monies to supplant general education funding?**

The state has the flexibility to use federal Education Jobs Fund monies in place of state education funds, provided the federal guidelines for allowable uses are followed.

For further information, please see the U.S. Department of Education's "Initial Guidance for States on the Education Jobs Fund Program" at the following link:

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

**8. Is there a deadline for distributing the Education Jobs Fund monies?**

The funds must be made available by the commonwealth to the school districts in the 2010-11 fiscal year and spent by the school districts by September 30, 2012.

**9. Has that happened yet?**

No. An appropriation is needed from the General Assembly before funds can be distributed, as Secretary Zogby stated in his letter.

**10. Will all districts get a share of the Education Jobs Fund money?**

Yes.

**11. Will it be distributed using the Basic Education formula?**

Yes.

**12. Once the Education Jobs Fund monies are spent this year, should school districts plan to not have that \$388 million for the 2011-12 budget?**

This decision affects only funding levels in the 2010-11 budget. It restores \$50 million in funding to school districts that Governor Rendell froze in August 2010 and saves another \$338 million in state funds by using federal funds, which helps to address the state deficit.

Governor Corbett is developing the 2011-12 budget and will present his 2011-12 budget proposal on March 8th.

**13. I understand from the letter that districts won't see any reduction in their funding for this year, but doesn't this create a potential for at least a \$1 billion loss in school district funding in 2011-12?**

This decision affects only funding levels in the 2010-11 budget.

**14. How was the decision made as to where to freeze funding?**

Programs were identified where state funding could be replaced with other sources of funding. Discretionary programs with available balances also were identified.

**15. Why was the Basic Education line chosen as a place to freeze money?**

Because of the availability of the federal Education Jobs Fund monies, these General Funds could be frozen while the same level of support to school districts could still be provided.

**16. Why were those particular Department of Community and Economic Development and Department of Environmental Protection lines chosen?**

These are discretionary programs that historically do not distribute all of their funding early in the fiscal year.

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