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## Via Electronic Mail

**TO:** University Presidents

**FROM:** James S. Dillon   
Vice Chancellor for Administration and Finance

**DATE:** November 23, 2009

**RE:** ARRA State Fiscal Stabilization Funds Guidance

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The Commonwealth of Pennsylvania's 2009/10 operating budget, enacted October 9, 2009, provided two pools of American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Funds (SFSF): \$38.2 million for 2009/10 and \$27.1 million retroactively for 2008/09. At its meeting on November 3, 2009, the Board of Governors approved allocating these funds to the Universities with the understanding that they will be used in accordance with federal guidelines.

The attached schedule reflects the allocation of these funds to the Universities. The Universities received the 2009/10 ARRA funds on October 27, 2009. The 2008/09 ARRA funds will be distributed to the Universities shortly. Universities will be notified of this transfer of funds through a separate memorandum.

PASSHE has been working with the Commonwealth, federal government, external auditors, and other organizations to provide the Universities with appropriate guidance on the use of these funds. As we become more familiar with ARRA, it is clear that a major purpose of this federal legislation is to create and retain jobs for Americans. Based on the information we have been able to obtain to date, below is guidance for the use of these funds, which may differ from information you have received in previous discussions on this topic.

1. Given the extensive and complex federal requirements and constraints on the use of these funds for purchases of goods and services (including facilities construction and renovation), the relative size of these funds compared to PASSHE's total resources, and President Obama's goals of creating and retaining jobs, **it is recommended that all funds be used for compensation expenses**. SFSF guidelines allow funds to be spent for normal E&G expenditures, although compensation for employees who maintain facilities may not be allowable. Therefore, non-AFSCME E&G compensation is an appropriate use of ARRA funds during this period of transition, while Universities implement changes to PASSHE's cost structure.
2. It appears that PASSHE Universities are considered subrecipients for the ARRA SFSF allocations. If funds are used for noncompensation purposes, Universities will need

to report on vendor SFSF spending and associated jobs created/retained. Please note: Universities can be recipients, subrecipients, or vendors for the receipt of various ARRA awards; reporting requirements differ based upon how the funds were received.

3. Federal reporting requires quarterly submissions on the use of these funds and the number of jobs created/retained. PDE will complete the 1512 federal ARRA report for these funds; PASSHE will report as a whole to PDE. A reporting template will be created for Universities to complete and submit to PASSHE. Please note: The first federal reporting deadline is January 10, 2010, for the period ending December 30, 2009. Universities will need to report at an earlier deadline, which will be forthcoming.
4. Universities are encouraged to expedite the expensing of these funds, keeping in compliance with their intent. Universities will be required to meet quarterly reporting requirements until all funds are expended. As specified in The Supplemental General Appropriation Act of 2009 (HB1416), the \$27.1 million of ARRA funds appropriated retroactively to 2008/09 **must** be expended by June 30, 2010.
5. University leadership is responsible for understanding the guidelines and reporting requirements for the use of these funds. The U.S. Department of Education's guidelines are located at <http://www.ed.gov/policy/gen/leg/recovery/programs.html>.
6. For budget and accounting purposes, the ARRA SFSF appropriations are to be reflected as E&G unrestricted federal appropriations (minor object 414). For year-end financial statement reporting, ARRA SFSF will be reported on a separate line on the Statement of Revenues, Expenses, and Changes in Net Assets (SCRECNA).

These guidelines have been developed based upon the information available at this time. If further information is received that is in conflict with or not specified within this document, further guidance will be provided.

Please complete the template in Attachment 2 on the intended use of these funds and send them electronically to Ms. Lois Johnson ([ljohnson@passhe.edu](mailto:ljohnson@passhe.edu)) by December 15, 2009. If you have any questions concerning this information, please contact Ms. Johnson or me.

JSD/LMJ/tps  
Attachments

c: Fiscal and Administrative Vice Presidents  
Budget Officers  
Controllers  
Office of the Chancellor Executive Staff

**Pennsylvania State System of Higher Education**  
**American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Funds (SFSF)**  
**Allocation of FY 2008/09 and 2009/10 ARRA SFSF Funds**

University	2008/09 ARRA Fund Allocation	2009/10 ARRA Fund Allocation	Total ARRA Fund Allocation
Bloomsburg	\$ 2,076,912	\$ 3,040,330	\$ 5,117,242
California	1,956,383	2,778,665	4,735,048
Cheyney	930,251	661,558	1,591,809
Clarion	1,574,300	2,296,358	3,870,658
East Stroudsburg	1,536,912	2,141,433	3,678,345
Edinboro	1,613,684	2,400,778	4,014,462
Indiana	3,485,054	5,105,610	8,590,664
Kutztown	2,299,959	3,401,730	5,701,689
Lock Haven	1,332,575	1,878,178	3,210,753
Mansfield	1,097,716	1,130,104	2,227,820
Millersville	2,090,238	3,047,404	5,137,642
Shippensburg	1,880,845	2,740,852	4,621,697
Slippery Rock	2,186,571	3,125,400	5,311,971
West Chester	3,006,600	4,409,600	7,416,200
<b>Total</b>	<b>\$ 27,068,000</b>	<b>\$ 38,158,000</b>	<b>\$ 65,226,000</b>

*Note: All funds shown in this table will be reflected as 2009/10 revenue for accounting purposes.*

**Pennsylvania State System of Higher Education**  
**Anticipated Use of FY 2008/09 and 2009/10 State Fiscal Stabilization Funds**  
**University: \_\_\_\_\_**

Identify anticipated education and general expenditures. Complete all that are applicable.

<b>Item</b>	<b>Estimated Expenditures</b>
Salaries and Wages ( <i>Excluding AFSME employees*</i> )	
Fringe Benefits	
Subtotal, Compensation	
Supplies and Services	
Financial Aid	
Modernization, Renovation, or Repair of Facilities ( <i>Provide a list of projects if this category is used</i> )	
All Other ( <i>Provide a description</i> )	
Subtotal, Noncompensation	
Total	

*\*SFSF may not be used for ongoing maintenance of facilities. To ensure funds are not used for this purpose, it is recommended that AFSCME compensation be excluded.*