



LOZANO SMITH ALERT

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FEDERAL LEGISLATION INCLUDES \$10 BILLION IN FUNDING TO PREVENT LAYOFFS OF TEACHERS AND OTHER PUBLIC EMPLOYEES

On August 10, 2010, Congress passed H.R. 1586, a \$26 billion bill that, among other things, protects the jobs of teachers and other nonfederal government workers from layoff. The legislation allocates \$10 billion for school districts to rehire laid-off teachers and to ensure that more teachers will not be laid off prior to the beginning of the 2010-2011 school year. According to Education Secretary Arne Duncan, approximately 75% of school districts across the country are beginning the 2010-2011 school year with fewer teachers. The federal Department of Education ("DOE") anticipates that the funding will save 160,000 jobs. State Superintendent of Public Instruction Jack O'Connell expects an estimated \$1.2 billion to be allocated to California.

The bill establishes a \$10 billion Education Jobs Fund ("Fund") that will be administered under the terms and conditions of the American Recovery and Reinvestment Act of 2009 (ARRA). The Fund will be administered by the DOE. The DOE will review state applications and make allocations to states based on total population and school age population. States are then required to distribute the funds to school districts through a funding formula or based on each district's share of Title I funds. State governors are required to submit an application for funds to the DOE, and if a governor does not submit an application, the bill directs the Federal Secretary of Education to bypass the state government and make awards directly to other entities within the state. State applications must be submitted within thirty days of the enactment of the bill. The Secretary is required to award funds within forty-five days of the enactment of the bill. The DOE expects to award funds to states within two weeks of their submission of an approved application.

H.R. 1586 includes provisions to ensure that states use the funds for the preservation of jobs serving elementary and secondary education. Monies from the Fund may not be used for purposes such as equipment, utilities, renovation, or transportation. H.R. 1586 prohibits states from using any of these funds to add to "rainy-day funds" or to pay off state debt.

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In order to receive funding, each state must provide assurance that state spending for both K-12 and higher education (measured separately) in fiscal year 2011 will be at or above either: (1) the fiscal year 2009 level (in aggregate or per pupil); (2) the same percentage share of the total state budget as in fiscal year 2010, or; (3) for states demonstrating especially dire fiscal conditions, the 2006 fiscal year aggregate dollar level or percentage share.

It is important to recognize that if California receives these funds to distribute to California school districts, the funds are one-time money and not an ongoing funding source. Should you have any questions regarding the impact of the federal funding on your school district, please do not hesitate to contact one of our [seven offices](#) located statewide or consult our [website](#).



As the information contained herein is necessarily general, its application to a particular set of facts and circumstances may vary. For this reason, this News Brief does not constitute legal advice. We recommend that you consult with your counsel prior to acting on the information contained herein.