

**May 18, 2009**

**[Revised Education / SFSF Guidance from USED](#)**

Last month, the U.S. Department of Education (USED) released guidance indicating that construction of new school buildings is a permitted use (under the Impact Aid program - Title VIII of ESEA) of the State Fiscal Stabilization Fund (SFSF) by local education agencies (LEAs).

As you know, the SFSF is the major education funding component of the 2009 American Recovery and Reinvestment Act (ARRA). This is to alert you to a revised interpretation by USED released on May 11, 2009, related to use of SFSF for school construction.

USED's revised guidance from May 11th provides in part, *"Construction of new school buildings is an authorized activity under the Impact Aid construction program in section 8007 of the ESEA. Thus, subject to the ARRA statutory requirements and prohibitions governing the uses of Education Stabilization funds, an LEA (including a charter school LEA) may use the funds to support the construction of new school buildings, including construction activities that are consistent with a recognized green-building rating system. However, the Department discourages LEAs from using Education Stabilization funds for new construction because this use of funds may limit an LEA's ability to meet other essential needs or implement necessary reform initiatives. The Department does not discourage an LEA from using Education Stabilization funds for modernization, renovation, or repair."*

Based on this revised USED guidance, the SFSF is not intended to be used primarily for new school construction. School divisions should emphasize using the funds for other purposes specifically authorized in the SFSF section of the ARRA, including implementing the key education reform components in the ARRA.

The revised USED guidance is available at the following Web page under the link titled ["Guidance Modifications \(May 11, 2009\)."](#)

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