

Aug. 19, 2010

UPDATE on new federal funding package (Medicaid and K-12)

CAOs and Liaisons

In his presentation to House and Senate money committees today, Finance Secretary Ric Brown announced that Virginia is estimated to receive \$266 million for Medicaid FMAP and \$250 million for K-12. These additional funds come from the [new emergency measure](#) passed by Congress and signed into law by President Barack Obama on Aug. 11 appropriating to the states Medicaid **Federal Medical Assistance Percentage** (FMAP) and K-12 funds.

FMAP

The increased federal funding provides state savings by reducing their match rates for qualifying Medicaid expenditures. As stated by Secretary Brown, however, Virginia's share - the \$266 million - is \$151 million less than original estimates. You will recall that the adopted 2010-12 state budget includes Medicaid reductions totaling \$417 million. The state budget also anticipated additional federal FMAP funding to support Medicaid provider rates, services, and eligibility totaling the same \$417 million.

Of the \$266 million that the Commonwealth will receive, approximately \$178 million must be used to restore state funding for Medicaid eligibility reductions. Of the remainder - \$88 million - \$71 million will be available to restore a portion of the Medicaid reductions in the 2010-2012 biennial budget and \$17 million will be available to deal with unanticipated needs.

K-12

Included at the end of [Secretary Brown's Aug. 19 presentation](#) was initial guidance from the U. S. Department of Education on the Educational Jobs Funding Program. These include:

- School districts must use these funds 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 education and related services.
 - These funds may not be used for general administrative expenses, overhead, or other support services by school districts.
- States must apply within 30 days of enactment and submit additional Maintenance of Effort (MOE) data within 60 days of grant award.
 - U.S. Department of Education (USED) anticipates awarding funds within two weeks of the submission of an approvable application.
- Funds are available for obligations for the 2010-2011 school year, beginning August 10, 2010. School divisions that have funds left over at the end of the school year may use them through September 30, 2012.
- The preliminary funding allocation for Virginia, pending final verification, is estimated at \$249.5 million.
 - Funding must be distributed on the basis of the “primary elementary and secondary formula” or each school divisions’ relative shares of funds under the

Title I-A program for the most recent fiscal year. **The specific LEA distribution formula to be used in Virginia is undetermined at this time.**

Note: The adopted FY 2011 Virginia allocation for previous federal stimulus education dollars: “The allocations shall be based on the proportion that each school division represents to the statewide total of Basic Aid amount ...”

Secretary Brown indicated that the state has previously sent two emails to local school divisions containing the information known-to-date about the Educational Jobs Funding Program.

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