Application for Initial Funding under the State Fiscal Stabilization Fund Program

CFDA Numbers: 84.394 (Education Stabilization Fund) and 84.397 (Government Services Fund)

U.S. Department of Education
Washington, D.C. 20202

OMB Number: 1810-0690
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Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1810-0690. The time required to complete this information collection is estimated to average 17 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, D.C. 20202-4537. If you have comments or concerns regarding the status of your individual submission of this form, write directly to: State Fiscal Stabilization Fund Program, Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Ave., S.W., Room 3E108, Washington, D.C. 20202-3118

APPLICATION INSTRUCTIONS

GENERAL INSTRUCTIONS

To receive the initial 67 percent of the State's allocation under the State Fiscal Stabilization Fund (Stabilization) program, a Governor must submit to the Department an application that provides the following information:

- A completed application cover sheet. *(Part 1 of the Application)*
- Assurances that the State will commit to advancing education reform in four specific areas:
  (1) Achieving equity in teacher distribution;
  (2) Improving collection and use of data;
  (3) Enhancing the quality of standards and assessments; and
  (4) Supporting struggling schools. *(Part 2 of the Application)*
- Confirmation that the initial baseline data identified in Appendix B of the application is acceptable for purposes of demonstrating the State's current status in each of the four education reform areas for which the State provides assurances, or submission of alternative initial baseline data. *(Part 3 of the Application)*
- The following maintenance-of-effort (MOE) information:
  (1) An assurance that the State will comply with the Stabilization program MOE requirements;
  (2) If applicable, an assurance that the State meets or will meet the eligibility criterion for a waiver of those requirements; and
  (3) MOE baseline data. *(Part 4 of the Application)*
- A description of how the State intends to use the funds allocated under:
  (1) The Education Stabilization Fund – CFDA No. 84.394; and
  (2) The Government Services Fund – CFDA No. 84.397. *(Part 5 of the Application)*
- Accountability, transparency, and reporting assurances. *(Part 6 of the Application)*
- Other assurances and certifications. *(Part 7 of the Application)*

APPENDICES TO THE APPLICATION

- Appendix A – State Allocation Data
- Appendix B – Instructions for Part 3: Initial Baseline Data for Education Reform Assurances
- Appendix C – Instructions for Part 4: Maintenance of Effort
- Appendix D – Instructions for Part 5: State Uses of Funds
- Appendix E – Application Checklist and Submission Information

STATE FISCAL STABILIZATION FUND APPLICATION

PART 1: APPLICATION COVER SHEET
(CFDA Nos. 84.394 and 84.397)

Legal Name of Applicant (Office of the Governor): Governor Tim Pawlenty	Applicant's Mailing Address: 130 State Capitol 75 Rev. Dr. Martin Luther King Jr. Blvd St. Paul, MN 55155
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: Alice Seagren Position and Office: Commissioner, Minnesota Department of Education Contact's Mailing Address: 1500 Hwy 36 West Roseville, MN 55113 Telephone: (651) 582-8204 Fax: (651) 582-8724 E-mail address: Alice.Seagren@state.mn.us	State Contact for the Government Services Fund (CFDA No. 84.397) *(Enter "same" if the same individual will serve as the contact for both the Education Stabilization Fund and the Government Services Fund.)* Name: Tom Hanson Position and Office: Commissioner, Minnesota Management & Budget Contact's Mailing Address: 400 Centennial Office Building 658 Cedar Street St. Paul, MN 55155 Telephone: (651) 201-8010 Fax: (651) 797-1300 E-mail address: tom.j.hanson@state.mn.us
To the best of my knowledge and belief, all of the information and data in this application are true and correct.	
Governor or Authorized Representative of the Governor (Printed Name): Commissioner Tom Hanson	Telephone: (651) 201-8010
Signature of Governor or Authorized Representative of the Governor: Tom J. Hanson	Date: April 20, 2009

Recommended Statement of Support from the Chief State School Officer *(Optional)*: The State educational agency will cooperate with the Governor in the implementation of the State Fiscal Stabilization Fund program.	
Chief State School Officer (Printed Name): Commissioner Alice Seagren	Telephone: (651) 582-8204
Signature of the Chief State School Officer: Alice Seagren	Date: April 20, 2009

PART 2: EDUCATION REFORM ASSURANCES

The Governor or his/her authorized representative assures the following:

(1) The State will take actions to improve teacher effectiveness and comply with section 1111(b)(8)(C) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 6311(b)(8)(C)) in order to address inequities in the distribution of highly qualified teachers between high- and low-poverty schools, and to ensure that low-income and minority children are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers. (*Achieving Equity in Teacher Distribution Assurance*)

(2) The State will establish a longitudinal data system that includes the elements described in section 6401(e)(2)(D) of the America COMPETES Act (20 U.S.C. 9871(e)(2)(D)). (*Improving Collection and Use of Data Assurance*)

(3) The State will –

(3.1) Enhance the quality of the academic assessments it administers pursuant to section 1111(b)(3) of the ESEA (20 U.S.C. 6311(b)(3)) through activities such as those described in section 6112(a) of the ESEA (20 U.S.C. 7301a(a)); (*Improving Assessments Assurance*)

(3.2) Comply with the requirements of paragraphs (3)(C)(ix) and (6) of section 1111(b) of the ESEA (20 U.S.C. 6311(b)) and section 612(a)(16) of the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. 1412(a)(16)) related to the inclusion of children with disabilities and limited English proficient students in State assessments, the development of valid and reliable assessments for those students, and the provision of accommodations that enable their participation in State assessments; (*Inclusion Assurance*) and

(3.3) Take steps to improve State academic content standards and student academic achievement standards consistent with section 6401(e)(1)(A)(ii) of the America COMPETES Act. (*Improving Standards Assurance*)

(4) The State will ensure compliance with the requirements of section 1116(b)(7)(C)(iv) and section 1116(b)(8)(B) of the ESEA with respect to schools identified under these sections. (*Supporting Struggling Schools Assurance*)

Governor or Authorized Representative of the Governor (Printed Name): Alice Seagren	
Signature: Alice Seagren	Date: 4/20-09

PART 3: INITIAL BASELINE DATA FOR EDUCATION REFORM ASSURANCES

SPECIAL NOTES:

- In completing this portion of the application, please refer to Appendix B – Instructions for Part 3: Initial Baseline Data for Education Reform Assurances.
- The data described in Appendix B for two of the education reform assurances in Part 2 of the application – the Improving Assessments Assurance and the Improving Standards Assurance – are the most current available baseline data for these areas. Thus, the Department is not inviting States to submit additional information with respect to these two assurances.
- The Governor or his/her authorized representative should confirm whether the initial baseline data sources described in Appendix B for the four assurances referenced below – Achieving Equity in Teacher Distribution; Improving Collection and Use of Data; Improving State Academic Content and Student Achievement Standards; and Supporting Struggling Schools – reflect the State's current status with respect to these assurances. A State that confirms the use of these initial baseline data sources does not have to submit additional baseline data with this application. If a State elects not to use the identified data sources for one or more of these four assurances, it must submit other initial baseline data for that assurance.

The Governor or his/her authorized representative confirms that the data sources that are currently available to the Department and described in Appendix B are a reasonable reflection of the current status of the State with respect to the following education reform assurances that he/she provided in Part 2 of the Application *(check only those assurances for which the State accepts the data described in Appendix B):*

___X___ Achieving Equity in Teacher Distribution Assurance.

___X___ Improving Collection and Use of Data Assurance.

___X___ Improving Standards Assurance.

___X___ Supporting Struggling Schools Assurance.

Governor or Authorized Representative of the Governor (Printed Name): Alice Seagren	
Signature: Alice Seagren	Date: 4/20/09

PART 4, SECTION A: MAINTENANCE-OF-EFFORT (MOE) ASSURANCE

SPECIAL NOTES:

- In completing Part 4 of the application, please refer to Appendix C – Instructions for Part 4: Maintenance of Effort.
- The Governor or his/her authorized representative should check only those MOE requirements that he or she anticipates the State will meet. If the Governor or his/her authorized representative anticipates that the State will be unable to meet one or more of the requirements, he or she must sign the additional waiver assurance in Part 4, Section B.
- For the purpose of determining MOE, State support for public institutions of higher education (IHEs) must not include support for capital projects or for research and development or tuition and fees paid by students.

The Governor or his/her authorized representative assures the following *(check appropriate assurances that apply)*:

__X__ In FY 2009, the State will maintain State support for elementary and secondary education at least at the level of such support in FY 2006.

__X__ In FY 2010, the State will maintain State support for elementary and secondary education at least at the level of such support in FY 2006.

__X__ In FY 2011, the State will maintain State support for elementary and secondary education at least at the level of such support in FY 2006.

__X__ In FY 2009, the State will maintain State support for public IHEs at least at the level of such support in FY 2006.

__X__ In FY 2010, the State will maintain State support for public IHEs at least at the level of such support in FY 2006.

__X__ In FY 2011, the State will maintain State support for public IHEs at least at the level of such support in FY 2006.

---OR---

_____ To the best of his/her knowledge and based on the best available data, the State will be unable to meet any of the above-referenced maintenance-of-effort requirements.

Governor or Authorized Representative of the Governor (Printed Name):	
Tom Hanson, Commissioner, Minnesota Management & Budget	
Signature: Tom J. Hanson	Date: April 21, 2009

PART 4, SECTION B: MAINTENANCE-OF-EFFORT WAIVER ASSURANCE

SPECIAL NOTES:

- If a State anticipates that it will be unable to comply with one or more of the Stabilization program MOE requirements referenced in Part 4, Section A of the application, the State must provide the assurance below.
- States that anticipate meeting all of the Stabilization program MOE requirements should not complete the waiver assurance in this section of the application. *See* Appendix C – Instructions for Part 4: Maintenance of Effort. The criterion for a waiver of the MOE requirements is provided in Appendix C.
- The Department will be providing additional guidance to States regarding the process for applying for waivers of the Stabilization program MOE requirements.

The Governor or his/her authorized representative assures the following:

To the best of his/her knowledge and based on the best available data, the State meets or will meet the eligibility criterion for a MOE waiver for each of the Stabilization program MOE requirements that the Governor or his/her authorized representative anticipates the State will be unable to meet.

Governor or Authorized Representative of the Governor (Printed Name):	
Signature:	Date:

PART 4, SECTION C: MAINTENANCE-OF-EFFORT BASELINE DATA

SPECIAL NOTES:

- A State has some flexibility in determining the "levels of State support" for MOE purposes. For example, for the purpose of the elementary and secondary education MOE requirements, a State may use the level of support that the State provides through its primary elementary and secondary funding formulae, or it may use other relevant data. *See* Appendix C – Instructions for Part 4: Maintenance of Effort.

1. **Levels of State support for elementary and secondary education** *(the amounts may reflect the levels of State support on either an aggregate basis or a per-student basis):*

FY 2006	$5,929,655,400
FY 2009*	$6,549,008,300
FY 2010*	$6,203,756,500
FY 2011*	$6,623,210,800

(* Provide data to the extent that data are currently available.)

2. **Levels of State support for public institutions of higher education** *(enter amounts for each year):*

FY 2006	$1,191,885,000
FY 2009*	$1,342,259,000
FY 2010*	$1,191,885,000
FY 2011*	$1,191,885,000

(* Provide data to the extent that data are currently available.)

3. **Additional Submission Requirements:** In an attachment to the application –

(a) Identify and describe the data sources used in determining the levels of State support for elementary and secondary education; - and -

(b) Identify and describe the data sources used in determining the levels of State support for public IHEs. [SEE ATTACHED]

PART 5, SECTION A: STATE USES OF THE EDUCATION STABILIZATION FUND

SPECIAL NOTES:

- Section A of Part 5 requests data on the Education Stabilization Fund (CFDA No. 84.394). In completing this portion of the application, please refer to Appendix D – Instructions for Part 5: State Uses of Funds.
- At a later date, the Department will collect data on the levels of State support for elementary, secondary, and postsecondary education in FY 2011.
- These data may differ from the data in the levels of support for maintenance-of-effort purposes. *See* instructions in Appendix D.
- The term "postsecondary education" refers to public IHEs.

1. Levels of State Support for Elementary, Secondary, and Postsecondary Education

Provide the following data on the levels of State support for elementary, secondary, and postsecondary education:

(a) Level of State support for elementary and secondary education in FY 2008 provided through the State's primary elementary and secondary education funding formulae	$6,432,728,400
(b) Level of State support for public IHEs in FY 2008	$1,372,805,000
(c) Level of State support for elementary and secondary education in FY 2009 provided through the State's primary elementary and secondary education funding formulae	$6,549,008,300
(d) Level of State support for public IHEs in FY 2009	$1,342,259,000
(e) Level of State support for elementary and secondary education in FY 2010 provided through the State's primary elementary and secondary education funding formulae	$6,203,756,500
(f) Level of State support for public IHEs in FY 2010	$1,191,885,000

Additional Information: Did the State, prior to October 1, 2008, approve formula increases to support elementary and secondary education in FY 2010 or 2011, or to phase in State equity and adequacy adjustments?*

☐ Yes X No[1]

[1] State total aid for portions of Minnesota's primary elementary and secondary education funding formulae increase in FY 2010 or FY 2011 due to changes in enrollment and demographics, and an increase in state total special education aid

* *See* Appendix D Worksheets for further guidance on how such increases affect a State's "use of funds" calculations.

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which covers a portion of the growth in special education teacher salaries. However, these increases are offset by decreases in other portions of these primary funding formulas, resulting in a net decrease in state aid of $61.9 million in FY 2010 and a net increase in state aid of $29.8 million in FY 2011, compared with the FY 2009 base (see attached table). Calculations completed using the worksheets for states with and without enacted increases in primary funding formulae (2A and 3A vs 2B and 3B) yielded the same results.

2. State's Primary Education Funding Formulae

Additional Submission Requirement: In an attachment to the application, identify and describe each of the State's primary elementary and secondary education funding formulae that were used in determining the calculations provided above for the levels of State support for elementary and secondary education. [SEE ATTACHED]

3. Data on State Support for Postsecondary Education

Additional Submission Requirement: In an attachment to the application, identify and describe the specific State data sources that were used in determining the calculations provided above for the levels of State support for public IHEs. [SEE ATTACHED]

4. Restoration Amounts

Based on the Worksheets included in Appendix D, calculate and provide the amount of Education Stabilization funds that the State will use to restore the levels of State support for elementary, secondary, and postsecondary education in FYs 2009 and 2010. As explained in the Instructions in Appendix D, a State must determine the amount of funds needed to restore fully the levels of State support for elementary, secondary, and postsecondary education in FY 2009 before determining the amount of funds available to restore the levels of such support in FY 2010.

SPECIAL NOTES:

- At a later date, the Department will collect data on the amount of funds, if any, that remain available to (1) restore the levels of State support for elementary, secondary, and postsecondary education in FY 2011, and (2) award subgrants to local educational agencies (LEAs) based on their proportionate shares of funding under Part A of Title I of the ESEA.
- The calculations for these data must be based on the State's total Education Stabilization Fund allocation as reflected in Appendix A and not on the State's initial Education Stabilization Fund award.
- Although the State must follow the Instructions in Appendix D, in order to determine the amount of funds that LEAs and IHEs will receive under the program (i.e., the "restoration amounts"), the Governor has discretion in determining when to release these funds to LEAs and IHEs.

(a) Amount of the State's total Education Stabilization Fund allocation to be used to restore the level of State support for elementary and secondary education in FY 2009 $ -0-

(b) Amount of the State's total Education Stabilization Fund allocation to be used to restore the level of State support for public IHEs in FY 2009 $ 30,546,000

Restoration Amounts (continued)

(c) Amount of the State's total Education Stabilization Fund allocation to be used to restore the level of State support for elementary and secondary education in FY 2010	$ 345.251.800
(d) Amount of the State's total Education Stabilization Fund allocation to be used to restore the level of State support for public IHEs in FY 2010	$180.920.000
(e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010	$111.170.200

5. Process for Awarding Funds to Public IHEs

Additional Submission Requirement: In an attachment to the application, describe the process that the State will use to determine the amount of funding that individual public IHEs will receive from the funds that the State sets aside to restore the levels of State support for these institutions. [SEE ATTACHED]

PART 5, SECTION B: STATE USES OF THE GOVERNMENT SERVICES FUND

SPECIAL NOTES:

- Section B of Part 5 requests data on the Government Services Fund (CFDA No. 84.397).
- In this section, provide preliminary estimates of the percentage of the Government Services Fund that the State intends to spend under various broad categories (to the extent such estimates are available). The total percentages in the chart should equal 100 percent.
- To the extent such estimates are available, the estimated percentages must be based on the State's total Government Services Fund allocation and not on the State's initial Government Services Fund award.

Uses of the Government Services Fund

Category	Estimated Percentage of Funds to Be Used
Public Safety	
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities)	48%
Public IHEs (excluding modernization, renovation, or repair of IHEs)	42%
Modernization, renovation, or repair of public school facilities	5%
Modernization, renovation, or repair of IHEs	5%
Medicaid	
Public assistance	
Transportation	
Other (please describe)	
Undetermined	
TOTAL	100%

PART 6: ACCOUNTABILITY, TRANSPARENCY, AND REPORTING ASSURANCES

The Governor or his/her authorized representative assures that the State will comply with all of the accountability, transparency, and reporting requirements that apply to the Stabilization program, including the following:

- For each year of the program, the State will submit a report to the Secretary, at such time and in such manner as the Secretary may require, that describes:
  - the uses of funds within the State;
  - how the State distributed the funds it received;
  - the number of jobs that the Governor estimates were saved or created with the funds;
  - tax increases that the Governor estimates were averted because of the funds;
  - the State's progress in reducing inequities in the distribution of highly qualified teachers, implementing a State longitudinal data system, and developing and implementing valid and reliable assessments for limited English proficient students and children with disabilities;
  - the tuition and fee increases for in-State students imposed by public IHEs and a description of any actions taken by the State to limit the increases;
  - the extent to which public IHEs maintained, increased, or decreased enrollment of in-State students, including those students eligible for Pell Grants or other need-based financial aid; and
  - a description of each modernization, renovation or repair project funded, including the amounts awarded and project costs. (ARRA Division A, Section 14008)

- The State will cooperate with any Comptroller General evaluation of the uses of funds and the impact of funding on the progress made toward closing achievement gaps. (ARRA Division A, Section 14009)

- If the State uses funds for any infrastructure investment, the State will certify that the investment received the full review and vetting required by law and that the chief executive accepts responsibility that the investment is an appropriate use of taxpayer funds. This certification will include a description of the investment, the estimated total cost, and the amount of covered funds to be used. The certification will be posted on the State's website and linked to www.Recovery.gov. A State or local agency may not use funds under the ARRA for infrastructure investment funding unless this certification is made and posted. (ARRA Division A, Section 1511)

- The State will submit reports, within 10 days after the end of each calendar quarter, that contain the information required under section 1512(c) of the ARRA in accordance with any guidance issued by Office of Management and Budget or the Department. (ARRA Division A, Section 1512(c))

- The State will cooperate with any Inspector General examination of records under the program. (ARRA Division A, Section 1515)

Governor or Authorized Representative of the Governor (Printed Name): Tom Hanson, Commissioner, Minnesota Management & Budget	
Signature: Tom J. Hanson	Date: April 21, 2009

PART 7: OTHER ASSURANCES AND CERTIFICATIONS

The Governor or his/her authorized representative assures or certifies the following:

- The State will comply with all applicable assurances in OMB Standard Forms 424B and D (Assurances for Non-Construction and Construction Programs), including the assurances relating to the legal authority to apply for assistance; access to records; conflict of interest; merit systems; nondiscrimination; Hatch Act provisions; labor standards; flood hazards; historic preservation; protection of human subjects; animal welfare; lead-based paint; Single Audit Act; and the general agreement to comply with all applicable Federal laws, executive orders and regulations.

- With respect to the certification regarding lobbying in Department Form 80-0013, no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making or renewal of Federal grants under this program; the State will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," when required (34 C.F.R. Part 82, Appendix B); and the State will require the full certification, as set forth in 34 C.F.R. Part 82, Appendix A, in the award documents for all subawards at all tiers.

- The State will comply with all of the operational and administrative provisions in Title XV and XIV of the ARRA, including Buy American Requirements (ARRA Division A, Section 1605), Wage Rate Requirements (ARRA Division A, Section 1606), and any applicable environmental impact requirements of the National Environmental Policy Act of 1970 (NEPA), as amended, (42 U.S.C. 4371 et seq.) (ARRA Division A, Section 1609). In using ARRA funds for infrastructure investment recipients will comply with the requirement regarding Preferences for Quick Start Activities (ARRA Division A, Section 1602).

- Any LEA receiving funding under this program will have on file with the State a set of assurances that meets the requirements of section 442 of the General Education Provisions Act (GEPA) (20 U.S.C. 1232e).

- To the extent applicable, an LEA will include in its local application a description of how the LEA will comply with the requirements of section 427 of GEPA (20 U.S.C. 1228a). The description must include information on the steps the LEA proposes to take to permit students, teachers, and other program beneficiaries to overcome barriers (including barriers based on gender, race, color, national origin, disability, and age) that impede access to, or participation in, the program.

- The State and other entities will comply with the following provisions of Education Department General Administrative Regulations (EDGAR), as applicable: 34 CFR Part 74 -- Administration of Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations; 34 CFR Part 76 -- State-Administered Programs, including the construction requirements in section 75.600 through 75.617 that are incorporated by reference in section 76.600; 34 CFR Part 77 -- Definitions that Apply to Department Regulations; 34 CFR Part 80 -- Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, including the procurement provisions; 34 CFR Part 81 -- General Education Provisions Act—Enforcement; 34 CFR Part 82 -- New Restrictions on Lobbying; 34 CFR Part 85 -- Governmentwide Debarment and Suspension (Nonprocurement).

Governor or Authorized Representative of the Governor (Printed Name):	
Tom Hanson, Commissioner, Minnesota Management & Budget	
Signature: Tom J. Hanson	Date: April 21, 2009

State of Minnesota
April 20, 2009

Attachment to Application for Initial Funding Under the State Fiscal Stabilization Fund Program Including the Education Stabilization Fund (CFDA 84.394) and the Government Services Fund (CFDA 84.394)

ELEMENTARY AND SECONDARY EDUCATION:

Attachment for both,

- PART 4, SECTION C, Question 3(a), Description of Maintenance-of-Effort Baseline Data; and
- PART 5, SECTION A, Question 2: State's Primary Education Funding Formulae

The definition of the State's primary elementary and secondary funding formulae used in Part 5 of the application will also be used for the maintenance-of-effort baseline data in Part 4 of the application. The following is the description of the State's primary and secondary funding formulae:

1. The State's primary elementary and secondary funding formulae include:
    a. General Education Revenue according to Minn. Stat. §126C.10, subdivision 1,
    b. Special Education Aid according to Minn. Stat. §125A.76,
    c. Special Education Excess Cost Aid according to Minn. Stat. §125A.79,
    d. One-Time General Education Revenue Increase under Laws of Minnesota for 2008, Chapter 363, Article 2, Section 47, and
    e. School Technology and Operating Capital Aid according to Laws of Minnesota for 2007, Chapter 146, Article 4, Section 11. This aid must be used for the same purposes as for the operating capital component of general education revenue as specified according to Minn. Stat. §126C.10, subdivision 14. This aid is considered to be an extension of general education revenue.

2. The levels of State support for elementary and secondary education listed above include the following Governor's recommendations for changes to the state's primary education funding formulae that are currently pending:
    a. Governor's proposal to add Pay for Progress Revenue as a new component of general education revenue.
    b. Governor's proposal to eliminate general education revenue penalty for late teacher contract settlements.
    c. Governor's proposal to adjust the calculation of extended time revenue for LEAs.
    d. Governor's proposal for a one-time reduction in FY 2010 general education aid equal to 5.0% of each school district and charter school's FY 2008 general education revenue.

e. Governor's proposal to eliminate inflationary increase provided in state special education aid under Minnesota Statutes 2008, section 125A.76 and to adjust special education aid under Minnesota Statutes 2008, section 125A.79, to a level that will maintain a constant amount of aid on a per pupil basis.

3. State support under these formulae is calculated on an aid entitlement basis using 100% of the amounts generated under the formulae specified in these statutes, session laws and Governor's recommendations to the 2009 Legislature. While the state spreads its payments to LEAs for each fiscal year over two fiscal years (current and final adjustment payments), the 100% aid entitlement basis is the most appropriate measure of state support for a fiscal year since these are the amounts that LEAs earn and recognize as revenue for the fiscal year.

4. Aid entitlements for FY 2006 and FY 2008 are as computed by the Minnesota Department of Education, Program Finance Division, based on the statute, session laws and governor's recommendations to the 2009 Legislature listed above, using final year-end data. Aid entitlements for FY 2009 through FY 2011 are based on projected LEA demographic data used in the State's February 2009 Budget Forecast that was released last month. Projected data includes student enrollment, free and reduced lunch-eligible student counts, ELL student counts, school building ages, and local property tax bases.

5. The following table shows detail of the state aid entitlements for the State's primary elementary and secondary education funding formulae:

K-12 AID ENTITLEMENTS ($ in thousands)	FY 2006	FY 2008	FY 2009	FY 2010	FY 2011
General Education--CSA					
Basic	4,558,383.7	4,837,724.5	4,868,084.4	4,867,546.3	4,882,734.5
Gifted & Talented	3,812.2	11,441.2	11,400.6	11,399.4	11,435.0
Extended time	52,766.2	59,590.8	62,278.8	63,695.2	66,120.1
Compensatory	292,547.5	333,928.1	347,949.7	362,483.6	380,038.5
LEP	30,912.7	32,316.8	32,506.5	32,772.1	33,301.8
LEP Concentration	7,883.2	8,306.5	8,499.4	8,580.1	8,660.4
Sparsity	18,853.1	21,637.5	22,525.1	23,168.4	23,686.4
Transport Sparsity	57,332.8	60,083.8	60,760.3	60,467.2	60,178.6
Training & Experience	8,213.5	2,146.1	1,307.1	744.5	391.5
Operating Capital	149,750.2	82,805.2	73,347.7	70,633.7	70,652.6
Equity	25,916.1	25,104.5	19,985.6	17,095.3	16,730.6
Transition	10,650.2	7,132.9	5,448.8	4,235.9	4,303.4
Q Comp	16,348.9	47,983.9	51,838.3	56,097.1	62,245.0
Referendum Revenue	123,446.6	104,007.9	87,617.7	71,271.6	69,688.4
Alternative Attendance	-895.4	-182.3	36.7	810.5	928.2
Contract Penalty	-344.9	-730.5	0.0	-500.0	0.0
1-Time $51	-8,672.6	0.0	48,452.8	0.0	0.0
Shared Time	0.0	3,733.0	3,963.0	3,992.0	4,000.0
Private Alternative	12,833.6	10,295.0	10,476.0	10,385.0	10,385.0
PSEO - College Revenue	20,184.5	21,506.2	21,796.0	21,483.0	21,103.0
Online Learning	311.3	734.0	1,031.0	1,331.0	1,727.0
TRA reduction	-46,807.7	-30,637.8	-30,791.2	-30,917.1	-31,058.5

Endowment Fund	-21,099.1	-27,847.1	-25,738.1	0.0	0.0
County Apportionment	-15,242.6	-19,456.0	-14,900.0	-14,900.0	-14,900.0
Taconite Subt.	-1,268.0	-664.4	-488.9	-244.0	-28.5
Faribault Cancellation	0.0	-1,071.1	-1,021.0	-1,021.0	-1,021.0
1-Time Energy Assist	9.2	0.0	0.0	0.0	0.0
Red Lake Hold Harmless	526.2	0.0	0.0	0.0	0.0
Little Falls	-100.0	0.0	0.0	0.0	0.0
SUBTOTAL--General Ed	5,296,251.4	5,589,888.7	5,666,366.3	5,640,609.8	5,681,302.0
School Tech and Operating Capital	0.0	38,138.0	52,254.0	0.0	0.0
Special Education					
Regular	529,804.0	694,060.7	719,470.0	735,693.0	786,586.0
Excess Cost	103,600.0	110,641.0	110,918.0	110,847.0	110,892.0
SUBTOTAL--Spec Ed	633,404.0	804,701.7	830,388.0	846,540.0	897,478.0
TOTAL AID ENTITLEMENTS--excluding Gov Rec's	5,929,655.4	6,432,728.4	6,549,008.3	6,487,149.8	6,578,780.0
Amount over/under base year				-61,858.5	29,771.7
General and Special Ed--Gov Rec's					
Across the board cut (5%)	0.0	0.0	0.0	-320,650.0	0.0
Special Ed Inflation Cut	0.0	0.0	0.0	-13,990.0	-61,309.0
Qcomp Gov Rec	0.0	0.0	0.0	0.0	52,781.4
Pay for Progress	0.0	0.0	0.0	50,751.7	50,860.5
Perpich = Charter	0.0	0.0	0.0	0.0	2,102.9
Contract Penalty	0.0	0.0	0.0	500.0	0.0
Extended Time	0.0	0.0	0.0	-5.0	-5.0
SUBTOTAL--Gen & Spec Ed-Gov Rec's	0.0	0.0	0.0	-283,393.3	44,430.8
TOTAL AID ENTITLEMENTS--including Gov Rec's	5,929,655.4	6,432,728.4	6,549,008.3	6,203,756.5	6,623,210.8
Amount over/under base year				-345,251.8	74,202.5

Attachment to Application for Initial Funding Under the State Fiscal Stabilization Fund Program

POST SECONDARY EDUCATION:

Attachment for,

- PART 4, SECTION C, Question 3(a), Description of Maintenance-of-Effort Baseline Data; and
- PART 5, SECTION A, Question 2: State's State Support for Postsecondary Education
- PART 5, SECTION A, Question 5, Process for Awarding Funds

PART 4. SECTION C. Question 3(a),
Description of Maintenance-of-Effort Baseline Data;

1. The State of Minnesota provides ongoing state general fund support to public institutions of higher education through two umbrella organizations or systems.
    a. The University of Minnesota (University) – The University offers undergraduate, masters, and doctorate degrees though a wide array of schools different schools and programs located on five separate campuses. All state support is appropriated to the main system finance office, who allocates money to individual campuses, schools, and programs based on the allocation decision of the University Board of Regents.
    b. The Minnesota State College and University (MnSCU) –MnSCU is a system of 32 institutions including seven four-year state universities and 25 two year community and technical colleges, located on 54 separate campuses. MnSCU offers customized training, vocational certificates, two-year associate degrees, four year under graduate degrees and some advanced level degrees from seven state universities campuses located throughout the state. All state support is appropriated to the main system finance office, who allocates money to individual campuses, schools, and programs based on the allocation decisions of the MnSCU Board.

2. General fund support. Data source is the General Fund: Fund Balance Analysis published twice a year by the Minnesota Management and Budget Department. FY 2006 and FY 2008 information is actual expenditure of general fund appropriations and FY 2009 is currently budgeted general fund appropriation.
    a. University – For FY 2006, the state general fund expenditure was $591,191,000. In FY 2008, the state general fund expenditure was $706,922,000. In FY 2009, the current budgeted general fund appropriation to the University is $679,842,000.
    b. MnSCU – For FY 2006, the state general fund expenditure was $600,694,000. In FY 2008, the state general fund expenditure was

$665,883,000. In FY 2009, the current budgeted general fund appropriation to MnSCU is $662,417,000.

c. Combined Support for public IHEs – For FY 2006, the state general fund expenditure was $1,191,885,000. In FY 2008, the state general fund expenditure was $1,372,805,000,. In FY 2009, the current budgeted general fund appropriation to public IHEs is $1,342,259,000.

3. Therefore under the rules of the State Fiscal Education Stabilization funding, we have used the FY 2008 state appropriation levels as the benchmark for restoration of postsecondary education funding levels.

PART 5, SECTION A, Question 2:
Data on State's State Support for Postsecondary Education

See above

PART 5, SECTION A, Question 5,
Process for Awarding Funds to Public IHEs

1. Because there is no enacted budget yet in Minnesota for FY 2010 and FY 2011, we are basing the restoration of state fiscal stabilization funds for public IHEs on the Governor's current budget proposal for higher education.
   a. For the University :
      i. In FY 2009, the Governor is recommending $27,080,000 in Education Stabilization funding for the University to meet the FY 2008 benchmark.
      ii. In FY 2010, the Governor is also recommending $591,191,000 in state general funding combined with $115,731,000 in Education Stabilization funding to reach the FY 2008 benchmark.
      iii. In FY 2011, the Governor is recommending $591,191,000 in state general funds, $71,148,900 in Education Stabilization funding and $44,639,900 in Government Services Stabilization funding to reach the FY 2008 funding benchmark.
   b. For MnSCU :
      i. In FY 2009, the Governor is recommending $3,466,000 in Education Stabilization funding for MnSCU to meet the FY 2008 benchmark.
      ii. In FY 2010, the Governor is also recommending $600,694,000 in state general funding combined with $65,189,000 in Education Stabilization funding to reach the FY 2008 benchmark.
      iii. In FY 2011, the Governor is recommending $600,694,000 in state general funds, $40,021,300 in Education Stabilization funding and

$25,109,900 in Government Services Stabilization funding to reach the FY 2008 funding benchmark.

c. Combined public IHEs:
   i. In FY 2009, the Governor is recommending $30,546,000 in Education Stabilization funding to meet the FY 2008 benchmark for public IHE support.
   ii. In FY 2010, the Governor is also recommending $1,191,885,000 in state general funding combined with $180,920,000 in Education Stabilization funding to reach the FY 2008 benchmark.
   iii. In FY 2011, the Governor is recommending $1,191,885,000 in state general funds, $111,170,200 in Education Stabilization funding and $69,749,800 in Government Services Stabilization funding to reach the FY 2008 funding benchmark.

2. The funding levels proposed by the Governor will be acted on during the 2009 legislative session, which is scheduled to adjourn on May 15.

3. If final enact of appropriation legislation modifies the Governor's recommendations, this application will be amended and resubmitted after the end of the 2009 legislative session to reflect the specifics of the legislation enacted.

4. As is the legislative practice in Minnesota, appropriations for FY 2010 and 2011 of all state controlled funds for post secondary education will be enacted in a Higher Education Omnibus bill. This year, this bill will include state support from the state's general fund, and federal assistance under the Education Stabilization Funds (CFDA 84.394) program, and if appropriate, federal assistance under the Government Services Funds (CFDA 84.397) program. Appropriation of Education Stabilization Funds and Government Services Funds will be made to the University of Minnesota and to the Minnesota State Colleges and University System (MnSCU). Distribution of the appropriated funds to individual schools, campuses and programs will be made by the University Board of Regents and the MnSCU Board of Trustees.