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
Expiration Date: 9/30/2009

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

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): **Office of the Governor** **State of South Dakota**	Applicant's Mailing Address: **500 East Capitol Ave.** **Pierre, SD 57501**
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: **Jason Dilges** Position and Office: **Commissioner of the Bureau of Finance and Management** Contact's Mailing Address: **500 East Capitol Ave.** **Pierre, SD 57501** Telephone: **605-773-3411** Fax: **605-773-4711** E-mail address: **Jason.Dilges@state.sd.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: **same** Position and Office: **same** Contact's Mailing Address: **same** Telephone: **same** Fax: **same** E-mail address: **same**

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): **M. Michael Rounds**	Telephone: **605-773-3212**
Signature of Governor or Authorized Representative of the Governor: M. Michael Rounds	Date: 4-16-09

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): **Thomas J. Oster**	Telephone: **605-773-5669**
Signature of the Chief State School Officer:	Date:

Form Approved OMB Number: 1810-0690; Expiration Date: 9/30/2009

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): **Office of the Governor**	Applicant's Mailing Address: **500 East Capitol Ave.** **Pierre, SD 57501**
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: **Jason Dilges** Position and Office: **Commissioner of the Bureau of Finance and Management** Contact's Mailing Address: **500 East Capitol Ave.** **Pierre, SD 57501** Telephone: **605-773-3411** Fax: **605-773-4711** E-mail address: **Jason.Dilges@state.sd.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: **same** Position and Office: **same** Contact's Mailing Address: **same** Telephone: **same** Fax: **same** E-mail address: **same**

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): **M. Michael Rounds**	Telephone: **605-773-3212**
Signature of Governor or Authorized Representative of the Governor: M. Michael Rounds	Date: 4-9-09

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): **Thomas J. Oster**	Telephone: **605-773-5669**
Signature of the Chief State School Officer: For Tom Oster by Deborah Barnett Deputy Secretary	Date: 4-09-09

Form Approved OMB Number: 1810-0690; Expiration Date: 9/30/2009

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): **M. Michael Rounds**	
Signature: M. Michael Rounds	Date: 4-9-09

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): **M. Michael Rounds**	
Signature: M. Michael Rounds	Date: 4-9-09

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): **M. Michael Rounds**	
Signature: M. Michael Rounds	Date: 4-9-09

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	**$280,022,412**
FY 2009*	**$314,600,171**
FY 2010*	**$321,071,116**
FY 2011*	**N/A**

(* 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	**$137,148,371**
FY 2009*	**$151,484,622**
FY 2010*	**$148,335,924**
FY 2011*	**N/A**

(* 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.

4/15/09

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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	$318,511,828
(b) Level of State support for public IHEs in FY 2008	$170,010,033
(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	$336,669,733-prior enacted $314,600,171
(d) Level of State support for public IHEs in FY 2009	$175,964,730-prior enacted $165,702,674
(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	$345,749,096-prior enacted $321,071,116
(f) Level of State support for public IHEs in FY 2010	$180,307,825-prior enacted $162,553,976

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?*

x Yes ☐ No

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

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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.

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.

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	$22,069,562
(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	$10,262,056

4/15/09

Jason C. Dilges

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	$24,677,980
(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	$13,410,754
(e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010	$33,872,336

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.

4/15/09

Jason C. Dilges

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	100%
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities)	
Public IHEs (excluding modernization, renovation, or repair of IHEs)	
Modernization, renovation, or repair of public school facilities	
Modernization, renovation, or repair of IHEs	
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): **M. Michael Rounds**	
Signature: M. Michael Rounds	Date: 4-9-09

- 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): **M. Michael Rounds**	
Signature:	Date: 4-9-09

STATE OF SOUTH DAKOTA
M. MICHAEL ROUNDS, GOVERNOR

Application for Initial Funding under the State Fiscal Stabilization Fund Program Additional Submission Requirements

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

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 -

In determining the amount of State funding for State fiscal year 2006, the actual expenditures made by the State to K-12 public school districts under the State aid to general education funding formula were used. This information was obtained from the South Dakota Central Accounting System (BA20).

In determining the amount of funding for State fiscal year 2009 and 2010, the projected expenditures budgeted by the State for K-12 public school districts under the State aid to general education funding formula were used. This information was obtained from the South Dakota Budget System (RB03).

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

In determining the amount of State funding for State fiscal year 2006, the actual expenditures made by the State to public institutions of higher education, excluding capital projects, research and development and tuition and fees; were used. This information was obtained from the South Dakota Central Accounting System (BA20).

In determining the amount of State funding for State fiscal year 2009 and 2010, the projected expenditures budgeted by the State for public institutions of higher education, excluding capital projects, research and development and tuition and fees; were used. This information was obtained from the South Dakota Budget System (RB03).

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

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.

In determining the amount of funding for State fiscal year 2009 and 2010, the State utilized the primary funding formula for elementary and secondary education which currently exists in State law as described in Part 5, Section A, question #2. After determining the amount of funding required by the formula for elementary and secondary education, a shortfall existed in the State budget for both fiscal years 2009 and 2010. To avoid reducing funding for elementary and secondary education, State educational fiscal stabilization funds would be used proportionally to restore funding to elementary and secondary education and IHE's based on previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010.

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.

The South Dakota Budget System (RB03) for each fiscal year was used in determining the level of State support for public IHEs. To avoid reducing funding for public IHEs, State education fiscal stabilization funds would be used proportionally to restore funding to public IHEs based on previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010.

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.

The potential shortfall across all of the public IHEs was allocated based on each institutions relative proportion of the annual State support. The stabilization dollars will be used proportionally at each public institution to restore levels of funding to previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010. The fiscal year 2010 budget also reflects changes made by the Legislature.

STATE OF SOUTH DAKOTA
M. MICHAEL ROUNDS, GOVERNOR

Application for Initial Funding under the State Fiscal Stabilization Fund Program Additional Submission Requirements

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

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 -

In determining the amount of State funding for State fiscal year 2006, the actual expenditures made by the State to K-12 public school districts under the State aid to general education funding formula were used. This information was obtained from the South Dakota Central Accounting System (BA20).

In determining the amount of funding for State fiscal year 2009 and 2010, the projected expenditures budgeted by the State for K-12 public school districts under the State aid to general education funding formula were used. This information was obtained from the South Dakota Budget System (RB03).

Additional Information:
In establishing a baseline for FY2006 the actual amounts that were paid through the state aid to general education formula were used. This is the primary formula that provides general purpose funding to school districts. No categorical aid is included in the formula. The general state aid formula has been in existence since 1997. This formula was used to project the prior enacted amount for FY2009 as well as the prior enacted level for FY2010.

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

In determining the amount of State funding for State fiscal year 2006, the actual expenditures made by the State to public institutions of higher education, excluding capital projects, research and development and tuition and fees; were used. This information was obtained from the South Dakota Central Accounting System (BA20).

In determining the amount of State funding for State fiscal year 2009 and 2010, the projected expenditures budgeted by the State for public institutions of higher education, excluding

capital projects, research and development and tuition and fees; were used. This information was obtained from the South Dakota Budget System (RB03).

Additional Information:

The South Dakota higher education funding is not distributed by a formula, but by a baseline appropriation to each public institution. The actual expenditures for FY2006 along with the enacted FY2009 and FY2010 budgets were used. The following were then subtracted out of the total: the School for the Deaf, the School for the Blind and Visually Impaired, the South Dakota Opportunity Scholarship, capital projects, research and development, and tuition and fees.

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

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.

In determining the amount of funding for State fiscal year 2009 and 2010, the State utilized the primary funding formula for elementary and secondary education which currently exists in State law as described in Part 5, Section A, question #2. After determining the amount of funding required by the formula for elementary and secondary education, a shortfall existed in the State budget for both fiscal years 2009 and 2010. To avoid reducing funding for elementary and secondary education, State educational fiscal stabilization funds would be used proportionally to restore funding to elementary and secondary education and IHE's based on previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010.

Additional Information:
The South Dakota state aid to general education formula is the only formula that is used to distribute state support for general purposes to local school districts for elementary and secondary education in South Dakota. This formula has been in existence since 1997 and does not include any categorical aid. This is the only formula that was used to determine the levels of State support for elementary and secondary education for South Dakota's the State Fiscal Stabilization Fund application.

The basic general education formula allocates resources to school districts based on a per student allocation. By state law, the per student allocation is adjusted annually by the rate of inflation as measured by the CPI-W or 3%, whichever is less. Additional funds are allowed through the formula for small schools and school districts with large increasing or decreasing enrollments to assist with those additional expenses. The state shares the general education expenses with local property tax payers. Each year, local property tax levies are adjusted, so the state pays the same proportion of general K-12 education as the prior year. The state currently pays for approximately 57% of the local need as determined by the state aid formula.

The FY2009 and FY2010 funding levels were based on legislative appropriated numbers for FY2009 and subsequent recommended levels for FY2010. Because of the economic downturn the state legislature was forced to make reductions to the elementary and secondary education funding streams. The stabilization funds will assist South Dakota in restoring total levels of support back to the prior enacted levels thus avoiding significant cuts to elementary and secondary education or significant tax increases.

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.

The South Dakota Budget System (RB03) for each fiscal year was used in determining the level of State support for public IHEs. To avoid reducing funding for public IHEs, State education fiscal stabilization funds would be used proportionally to restore funding to public IHEs based on previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010.

Additional Information:
The South Dakota higher education funding is not distributed by a formula, but by a baseline appropriation to each public institution. The FY2009 and FY2010 levels were restored to the previously enacted FY2009 budget once the School for the Deaf, the School for the Blind and Visually Impaired, and the South Dakota Opportunity Scholarship were subtracted from the total. The FY2009 and FY2010 funding levels were based on legislative appropriated numbers for FY2009 and subsequent recommended levels for FY2010. Because of the economic downturn the state legislature was forced to make reductions to the higher education funding streams. The stabilization funds will assist South Dakota in restoring total levels of support back to the prior enacted levels thus avoiding significant cuts to the higher education budget or significant tax or tuition increases.

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.

The potential shortfall across all of the public IHEs was allocated based on each institutions relative proportion of the annual State support. The stabilization dollars will be used proportionally at each public institution to restore levels of funding to previously enacted fiscal year 2009 levels for both fiscal years 2009 and 2010. The fiscal year 2010 budget also reflects changes made by the Legislature.

Additional Information:
The ARRA funds will be distributed to the public universities based on the individual university's portion of total state funds appropriated to higher education. The stabilization funds will be spread across the universities to restore their budgets to prior enacted FY2009 levels.

4/15/09

Jason C. Dilges

WORKSHEETS FOR PART 5, SECTION A: STATE USES OF EDUCATION STABILIZATION FUNDS - CALCULATING THE RESTORATION AMOUNTS (CFDA No. 84.394)

SPECIAL NOTES:

- **The calculations in the worksheets and the data provided in Section A of Part 5 of the application must be based on each State's total Education Stabilization Fund allocation as reflected in Appendix A and not on the amount of the State's initial Education Stabilization Fund award.**
- **The term "postsecondary education" means public higher education.**

WORKSHEET 1-A: Calculating the amount of a State's total Education Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2009

Line	Information	Amount
1.	Amount of the State's total Education Stabilization Fund allocation.	104,292,688
2.	Either the actual amount of State funds that the State provided through its primary elementary and secondary education funding formulae in FY 2008, or a prior-enacted amount of State funds that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009.	336,669,733
3.	Either the actual amount of State support for public institutions of higher education (IHEs) in FY 2008 or a prior-enacted amount of State support for public IHEs in FY 2009.	175,964,730
4.	Actual or projected amount of State funds that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009.	314,600,171
5.	Actual or projected amount of State support for public IHEs in FY 2009.	165,702,674
6.	If the amount on Line 4 is greater than the amount on Line 2, enter 0; if the amount on Line 2 is greater than the amount on Line 4, enter the difference.	22,069,562
7.	If the amount on Line 5 is greater than the amount on Line 3, enter 0; if the amount on Line 3 is greater than the amount on Line 5, enter the difference.	10,262,056
8.	Enter the sum of the amounts on Line 6 and Line 7. This is the amount of funds needed to restore fully the levels of State support for elementary, secondary, and postsecondary education in FY 2009. If the amount on Line 8 is greater than the amount on Line 1, *see Worksheet 1-B for FY 2009 Shortfall calculation and do not complete lines 9, 10, 11, and 12.*	32,331,618
9.	If the amount on Line 1 is greater than the amount on Line 8, enter the amount from Line 6. This is the amount of funds from 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. *(Enter this amount in Part A of Section 5 of the Application.)*	*22,069,562*

10.	If the amount on Line 1 is greater than the amount on Line 8, enter the amount from Line 7. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for postsecondary education in FY 2009. *(Enter this amount in Part A of Section 5 of the Application.)*	*10,262,056*
11.	Enter the sum of the amounts on Line 9 and Line 10. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2009.	32,331,618
12.	Enter amount obtained by subtracting the amount on Line 11 from the amount on Line 1. This is the amount of the State's total Education Stabilization Fund allocation remaining to restore State support for education in FY 2010. (This amount is carried over to Line 1 of Worksheet 2-A or Worksheet 2-B.)	71,961,070

WORKSHEETS FOR PART 5, SECTION A: STATE USES OF EDUCATION STABILIZATION FUNDS - CALCULATING THE RESTORATION AMOUNTS

WORKSHEET 2-B: **Calculating the amount of a State's Education Stabilization Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2010 if, prior to October 1, 2008, the State enacted State elementary and secondary education formula increases for FY 2010 or State equity and adequacy adjustments**

Line	Information	Amount
1.	Amount of the State's Education Stabilization Fund allocation remaining after restoring the level of State support for education in FY 2009 (Enter amount on Line 12 of Worksheet 1-A).	71,961,070
2.	Either the actual amount of State funds that the State provided through its primary elementary and secondary education funding formulae in FY 2008 or a prior-enacted amount of State funds that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009 (Enter the amount on line 2 of Worksheet 1-A).	336,669,733
3.	Actual or projected amount that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009 (Enter the amount on Line 4 of Worksheet 1-A).	314,600,171
4.	Enacted amount (including formulae increases and equity and adequacy adjustments enacted prior to October 1, 2008) that the State would provide through its primary elementary and secondary education funding formulae in FY 2010.	345,749,096
5.	Projected amount that the State will provide through its primary elementary and secondary education funding formulae in FY 2010.	321,071,116
6.	Enter the greater of the amounts on Lines 2, 3, or 4.	345,749,096
7.	If the amount on Line 5 is greater than the amount on Line 6, enter 0; if the amount on Line 6 is greater than the amount on Line 5, enter the difference.	24,677,980
8.	Enter the greater of (1) either the actual amount of State support for public institutions of higher education (IHEs) in FY 2008 or a prior-enacted amount of State support for public IHEs in FY 2009 or (2) actual or projected amount of State support for public IHEs in FY 2009 (i.e., Enter the greater of the amounts on Lines 3 and 5 of Worksheet 1-A).	175,964,730
9.	Projected amount of State support for public IHEs in FY 2010.	162,553,976
10.	If the amount on Line 9 is greater than the amount on Line 8, enter 0; if the amount on Line 8 is greater than the amount on Line 9, enter the difference.	13,410,754
11.	Enter the sum of the amounts on Line 7 and Line 10. This is the amount of funds needed to restore fully the levels of State support for elementary, secondary, and postsecondary education in FY 2010. If the amount on Line 11 is greater than the amount on than Line 1, *see Worksheet 2-D for Shortfall calculations and do not complete Lines 12, 13 and 14.*	38,088,734
12.	If the amount on Line 1 is greater than the amount on Line 11, enter the amount from Line 7. This is the amount of funds from 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. *(Enter this amount in Part A of Section 5 of the Application.)*	24,677,980
13.	If the amount on Line 1 is greater than the amount on Line 11, enter the amount from Line 10. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for postsecondary education in FY 2010. *(Enter this amount in Part A of Section 5 of the Application.)*	13,410,754
14.	Enter the sum of the amounts on Line 12 and Line 13. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2010.	38,088,734
15.	Enter the amount obtained by subtracting the amount on Line 14 from the amount on Line 1. This is the amount of the Stabilization funds remaining to	33,872,336

Line	Information	Amount
	use to restore funds in FY 2011. This is the amount of the State's total Education Stabilization Fund allocation remaining to restore the levels of State support for education in FY 2011. (This amount is carried over to Line 1 of Worksheet 3-A or 3-B.)	

WORKSHEETS FOR PART 5, SECTION A: STATE USES OF EDUCATION STABILIZATION FUNDS - CALCULATING THE RESTORATION AMOUNTS

WORKSHEET 3-B: **Calculating the amount of a State's Education Stabilization Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2011 if, prior to October 1, 2008, the State enacted State elementary and secondary education formula increases for FY 2011 or State equity and adequacy adjustments**

Line	Information	Amount
1.	Amount of the State's total Education Stabilization Fund allocation remaining after restoring the level of State support for education in FY 2009 and FY 2010 (If level of FY 2010 support was based on Worksheet 2-A, enter the amount on Line 12 of Worksheet 2-A; if level of FY 2010 support was based on Worksheet 2-B, enter the amount on Line 15 of Worksheet 2-B).	33,872,336
2.	Either the actual amount of State funds that the State provided through its primary elementary and secondary education funding formulae in FY 2008 or a prior-enacted amount of State funds that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009 (Enter the amount on line 2 of Worksheet 1-A).	336,669,733
3.	Actual or projected amount that the State provided or will provide through its primary elementary and secondary education funding formulae in FY 2009 (Enter the amount on Line 4 of Worksheet 1-A).	314,600,171
4.	Enacted amount (including formulae increases and equity and adequacy adjustments enacted prior to October 1, 2008) that the State would provide through its primary elementary and secondary education funding formulae in FY 2011.	348,167,725
5.	Projected amount that the State will provide through its primary elementary and secondary education funding formulae in FY 2011.	321,071,116
6.	Enter the greater of the amounts on Lines 2, 3, or 4.	348,167,725
7.	If the amount on Line 5 is greater than the amount on Line 6, enter 0; if the amount on Line 6 is greater than the amount on Line 5, enter the difference.	27,096,609
8.	Enter the greater of (1) either the actual amount of State support for public institutions of higher education (IHEs) in FY 2008 or a prior-enacted amount of State support for public IHEs in FY 2009 or (2) actual or projected amount of State support for public IHEs in FY 2009 (i.e., Enter the greater of the amounts on Lines 3 and 5 of Worksheet 1-A).	175,964,730
9.	Projected amount of State support for public IHEs in FY 2011.	162,553,976
10.	If the amount on Line 9 is greater than the amount on Line 8, enter 0; if the amount on Line 8 is greater than the amount on Line 9, enter the difference.	13,410,754
11.	Enter the sum of the amounts on Line 7 and Line 10. This is the amount of funds needed to restore fully the levels of State support for elementary, secondary, and postsecondary education in FY 2011. If the amount on Line 11 is greater than the amount on than Line 1, *see Worksheet 3-D for Shortfall calculations and do not complete Lines 12, 13 and 14.*	40,507,363
12.	If the amount on Line 1 is greater than the amount on Line 11, enter the amount from Line 7. This is the amount of funds from 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 2011.	
13.	If the amount on Line 1 is greater than the amount on Line 11, enter the amount from Line 10. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for postsecondary education in FY 2011.	
14.	Enter the sum of the amounts on Line 12 and Line 13. This is the amount of funds from the State's total Education Stabilization Fund allocation to be used to restore the level of State support for elementary, secondary, and postsecondary education in FY 2011.	

Line	Information	Amount
15.	Enter the amount obtained by subtracting the amount on Line 14 from the amount on Line 1. This is the amount of the State's total Education Fund allocation that is available for subgrants to LEAs based on their proportionate shares of funding under Part A of Title I.	