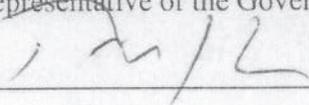


**STATE FISCAL STABILIZATION FUND APPLICATION**

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

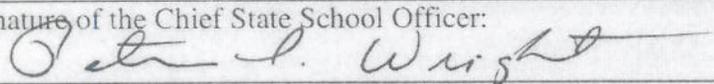
Legal Name of Applicant (Office of the Governor):  Office of the Governor Timothy M. Kaine	Applicant's Mailing Address: Office of the Governor Patrick Henry Building, 3 <sup>rd</sup> floor 1111 E. Broad Street, Richmond, Virginia 23219
State Contact for the Education Stabilization Fund (CFDA No. 84.394)  Name: Dr. Patricia I. Wright  Position and Office: Superintendent of Public Instruction Virginia Department of Education  Contact's Mailing Address: Virginia Department of Education P. O. Box 2120 Richmond, Virginia 23218  Telephone: (804) 225-2023 Fax: (804) 371-2099  E-mail address: <a href="mailto:patricia.wright@doe.virginia.gov">patricia.wright@doe.virginia.gov</a>	State Contact for the Government Services Fund (CFDA No. 84.397) <i>(Enter "same" if the same individual will serve as the contact for both the Education Stabilization Fund and the Government Services Fund.)</i>  Name: Richard D. Brown  Position and Office: Secretary of Finance Office of the Secretary of Finance  Contact's Mailing Address: Office of the Secretary of Finance Patrick Henry Building 1111 East Broad Street Richmond, VA 23219  Telephone: (804) 786-1148 Fax: (804) 692-0676  E-mail address: <a href="mailto:ric.brown@governor.virginia.gov">ric.brown@governor.virginia.gov</a>

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): Timothy M. Kaine, Governor	Telephone: (804) 786-2211
Signature of Governor or Authorized Representative of the Governor: 	Date: 10/16/09

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): Dr. Patricia I. Wright	Telephone: (804) 225-2023
Signature of the Chief State School Officer: 	Date: 10-19-09

**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):*

<b>FY 2006</b>	<u>\$5,186,963,097 (Chapter 2 - 2006 GA)</u>
<b>FY 2009*</b>	<u>\$6,245,522,103 (Chapter 781 - 2009 GA)</u>
<b>FY 2010*</b>	<u>\$5,850,524,898 (Chapter 781 - 2009 GA)</u>
<b>FY 2011*</b>	<u>TBD</u>

(\* 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):*

<b>FY 2006</b>	<u>\$1,478,279,912 (Chapter 2 - 2006 GA)</u>
<b>FY 2009*</b>	<u>\$1,696,191,921 (Chapter 781 - 2009 GA)</u>
<b>FY 2010*</b>	<u>\$1,560,460,498 (Chapter 781 - 2009 GA)</u>
<b>FY 2011*</b>	<u>TBD</u>

*Handwritten signature/initials: [illegible]*

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

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

1. Identify and describe the data sources used in determining the levels of State support for elementary and secondary education; - and -
2. Identify and describe the data sources used in determining the levels of State support for public IHEs.

**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 | <i>PM</i> | <u>\$5,956,267,859 (Chapter 847 – 2008 GA)</u> |
| (b) Level of State support for public IHEs in FY 2008   | <i>PM</i> | <u>\$1,765,330,369 (Chapter 847 – 2008 GA)</u> |
| (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 |           | <u>\$6,245,522,103 (Chapter 781 – 2009 GA)</u> |
| *Prior enacted amount for elementary and secondary education in FY 2009   |           | <u>\$6,349,672,140 (Chapter 879 – 2008 GA)</u> |
| (d) Level of State support for public IHEs in FY 2009   | <i>PM</i> | <u>\$1,709,060,671 (Chapter 781 – 2009 GA)</u> |
| *Prior enacted amount for IHEs in FY 2009   | <i>PM</i> | <u>\$1,813,792,633 (Chapter 879 – 2008 GA)</u> |
| (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 |           | <u>\$5,850,524,898 (Chapter 781 – 2009 GA)</u> |
| *Level of State support for elementary and secondary education in FY 2010 pursuant to October 1, 2008 formula increases   |           | <u>\$6,480,978,818 (Chapter 879 – 2008 GA)</u> |
| (f) Level of State support for public IHEs in FY 2010   | <i>PM</i> | <u>\$1,572,429,086 (Chapter 781 – 2009 GA)</u> |

**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       No

\* See Appendix D Worksheets for further guidance on how such increases affect a State’s “use of funds” calculations.

**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	<u>\$560,428,827</u>	<i>PM</i>
(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	<u>\$214,555,077</u>	<i>PM</i>
(e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010	<u>\$0</u>	

**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.

## ATTACHMENTS

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

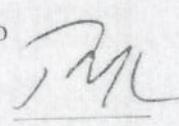
#### 3. Additional Submission Requirements:

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

The data used to derive the level of state support in FY 2006, FY 2009, and FY 2010 for elementary and secondary education includes funding sources supported by the State general fund or other State funds dedicated by Virginia's Constitution or law to be used for public education purposes. These sources include the general fund, special funds, Commonwealth Transportation Fund (driver's education), Literary Fund and the Lottery Proceeds Fund. These sources support Virginia's primary State funding formulae for elementary and secondary education. The amounts do not include supplemental programs that are provided on a grant basis and that may or not be provided directly to a local education agency.

For FY 2006, Chapter 2, 2006 Acts of Assembly, the final authorized budget for that fiscal year was used to determine the maintenance-of-effort level. For FY 2009 and FY 2010, Chapter 781, 2009 Acts of Assembly, the latest authorized 2008-2010 biennial budget (adopted by the 2009 General Assembly) was used to derive the maintenance-of-effort level.

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

Data used to derive the maintenance-of-effort levels of State support in FY 2006, FY 2009, and FY 2010 for public institutions of higher education include general fund appropriation provided by the Commonwealth. State appropriations used to support educational and general programs within the public institutions of higher education were calculated for each institution. Also, budget reduction amounts, higher education incentives such as interest earnings/credit card rebates and tuition moderation incentives (unrestricted state funds) provided to the institutions were also factored into the calculation. State support for research was not included in this calculation. Furthermore, pursuant to the guidance released by U.S. Department of Education on July 6, 2009, State appropriations provided directly to public institutions of higher education for financial assistance programs to defray the costs of tuition and fees paid by students has been added to determine state level support. 

For FY 2006, Chapter 2, 2006 Acts of Assembly, the final authorized budget for that fiscal year was used to determine the maintenance-of-effort level. For FY 2009 and FY 2010, Chapter 781, 2009 Acts of Assembly, the latest authorized 2008-2010 biennial budget (adopted by the 2009 General Assembly) was used to derive the maintenance-of-effort level.

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

### **2. State's Primary Education Funding Formulae Additional Submission Requirement**

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.

Virginia's primary elementary and secondary education funding formulae provide funding for the Standards of Quality (SOQ) programs (Virginia's mandatory foundation education program), categorical formula programs (programs that support state or federal mandates), incentive programs (programs typically funded through student-based formulas to support education initiatives) and lottery formula programs (the use of lottery proceeds for K-12 education is mandated by Virginia's Constitution). These formulae provide funds to meet the minimum standards for staffing and program offerings, to provide funding equity based on each locality's ability-to-pay, and to achieve State and Federal standards. These formulae contain an equalization component, the Composite Index of Local Ability-to-Pay, to increase funding equity across localities. The Composite Index measures a locality's ability to fund the cost of public education based on the program and staffing requirements established in the Standards of Quality.

In establishing the State support levels, funds provided by the State for the Standards of Quality programs, categorical, incentive and lottery programs were calculated. The Composite Index also was used in establishing the required State support levels.

### **3. Data on State Support for Postsecondary Education Additional Submission Requirement**

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.

Funding for public institutions of higher education is not distributed based on funding formula enacted into law. Appropriation for higher education institutions are provided through State appropriations to each institution through the biennial budget process. Although Virginia's institutions of higher education receive funding from various sources, only funds provided by the Commonwealth were used to project the state support levels. In addition to general fund appropriations to each institution, interest earnings on institutional funds, credit card rebates, tuition moderation incentive funds, research funding, and other state support provided to the institutions were also factored into the calculation to determine state support before and after budget reductions were applied. Furthermore, pursuant to the guidance released by U.S. Department of Education on July 6, 2009, State appropriations provided directly to public institutions of higher education for financial assistance programs to defray the costs of tuition and fees paid by students has been added to determine state level support.

## Request for Revision to State Fiscal Stabilization Fund (SFSF) Phase I Application - Virginia

The Commonwealth of Virginia requests the approval of an amendment to its approved SFSF application. Based on the July 6, 2009, guidance released by the United States Department of Education, states are now allowed to include unrestricted financial aid dollars toward the calculation establishing the state level support amounts and Maintenance of Effort. As a result, state financial aid dollars provided directly to Virginia public institutions of higher education are added as follows:

<b>Part 4 Section C: Maintenance of Effort Baseline Data</b>				
<b>2. Levels of State Support for Public Institutions of Higher Education</b>				
	<b>Year</b>	<b>Approved Application</b>	<b>Financial Aid \$</b>	<b>New Total</b>
	2006	1,381,699,049	96,580,863	1,478,279,912
	2009	1,560,864,059	135,327,862	1,696,191,921
	2010	1,414,882,636	145,577,862	1,560,460,498
<b>Part 5 Section A: State Uses of the Education Stabilization Fund</b>				
<b>1. Levels of State Support for Elementary, Secondary and Postsecondary Education</b>				
<b>Item</b>	<b>Year</b>	<b>Approved Application</b>	<b>Financial Aid \$</b>	<b>New Total</b>
<b>(b)</b>	2008	1,639,265,748	126,064,621	1,765,330,369
<b>(d)</b>	2009 (Prior Enacted Amount)	1,678,464,771	135,327,862	1,813,792,633
<b>(d)</b>	2009	1,573,732,809	135,327,862	1,709,060,671
<b>(f)</b>	2010	1,426,851,224	145,577,862	1,572,429,086
<b>Part 5 Section A: State Uses of the Education Stabilization Fund</b>				
<b>4. Restoration Amounts</b>				
<b>Item</b>	<b>Year</b>	<b>Approved Application</b>	<b>Change</b>	<b>New Total</b>
<b>(c)</b>	2010 (Elementary & Secondary)	553,916,405	6,512,422	560,428,827
<b>(d)</b>	2010 (Postsecondary)	221,067,499	(6,512,422)	214,555,077

Unfortunately, Virginia like other states is struggling with the severe economic downturn and will be forced to act accordingly. It is anticipated that the Commonwealth will face additional budget reductions and another revision to the SFSF application as it addresses declining revenues during the 2010 General Assembly Session. Nevertheless, the Commonwealth's strong financial management focus will remain evident in actions taken during these unprecedented times.