

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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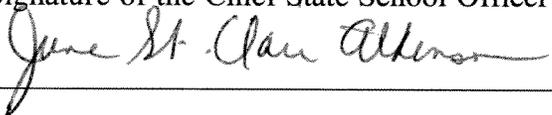
STATE FISCAL STABILIZATION FUND APPLICATION

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

Legal Name of Applicant (Office of the Governor): Office of the Governor Beverly Eaves Perdue	Applicant's Mailing Address: 20301 Mail Service Center Raleigh, NC 27699-0301
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: Charles E. Perusse Position and Office: State Budget Director Contact's Mailing Address: 20320 Mail Service Center Raleigh, NC 27699-0320 Telephone: (919) 807-4700 Fax: (919) 733-0640 E-mail address: Charles.Perusse@osbm.nc.gov	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: Same Position and Office: Contact's Mailing Address: Telephone: Fax: E-mail address:

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): Beverly Eaves Perdue, Governor	Telephone: (919) 733-2120
Signature of Governor or Authorized Representative of the Governor: 	Date: 10/30/09

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): June Atkinson, Superintendent	Telephone: (919) 807-3430
Signature of the Chief State School Officer: 	Date: 10/27/09

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):*

FY 2006 \$ 5,341,233,513 Actual
FY 2009* \$ 6,361,257,788 Actual
FY 2010* \$ 5,980,819,060 Projected/enacted 8-7-09
FY 2011* \$ 5,897,748,829 Projected/enacted 8-7-09

(* 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 \$ 2,627,591,738 Actual
FY 2009* \$ 2,981,417,588 Actual
FY 2010* \$ 3,333,682,076 Projected/enacted 8-7-09
FY 2011* \$ 3,397,570,053 Projected/enacted 8-7-09

(* 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.

CCP 10/30/09

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 | \$ <u>6,244,370,981</u> Actual |
| (b) Level of State support for public IHEs in FY 2008 | \$ <u>3,256,806,228</u> Actual |
| (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>6,361,257,788</u> Actual |
| (d) Level of State support for public IHEs in FY 2009 | \$ <u>2,981,417,588</u> Actual |
| (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>5,980,819,060</u> Projected/enacted 8-7-09 |
| (f) Level of State support for public IHEs in FY 2010 | \$ <u>3,333,682,076</u> Projected/enacted 8-7-09 |

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

(EPD 10/30/09)

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

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.

<p>SPECIAL NOTES:</p> <ul style="list-style-type: none"> ○ 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 \$ 275,388,640

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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 \$ 380,438,728
- (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 \$ -0-
- (e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010 \$ 506,104,196

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.

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**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	94.7%
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities) – NC Virtual Public School	1.5%
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): Implement a statewide budget and reporting system	2%
Other (please describe): Support costs of the NC Office of Economic Recovery and Investment (OERI), OSBM contract auditors, and system contractors developing reporting tools	1.8%
Undetermined	
TOTAL	100%

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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-

The level of State support for NC Public Schools is the amount of General Fund appropriations and other supporting revenues (such as lottery proceeds, fines and forfeitures, etc.) provided in each fiscal year in the State Public School Fund through the primary funding formulae, as defined in S.L. 2009-451 and including the LEA adjustment in 2009-11, to the 115 local education agencies and up to 100 charter schools for K-12 instructional operations. Funding for pre-K and capital projects are excluded from all years. The level of State support actually expended in FY 2006 is the amount of the General Fund appropriation and other State supporting revenue enacted in S.L. 2005-276 that was actually expended in FY 2006, as reported on the year-end budget report (BD-701). For FY 2009, the level of State support is the General fund appropriation and other State supporting revenue enacted S.L. 2008-107 that was actually expended, as reported on the year-end budget report (BD-701). The data source for FY 2010 and FY 2011 is the enacted budget, S.L. 2009-451.

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

North Carolina Community College:

The level of State support for the NC Community College system is the amount of General Fund appropriations provided in each fiscal year in State aid to the 58 institutions for current operations, equipment, and library resources. Capital funds, tuition/fees, financial aid, and funding for the NC Community College system Office are excluded from all years. The level of State support actually expended in FY 2006 is the amount of the General Fund appropriation enacted in S.L. 2005-276 that was actually expended in FY 2006 as reported on the year-end budget report (BD-701). For FY 2009, the level of State support is the General Fund appropriation authorized by S.L. 2008-107 that was actually expended, as reported on the year-end budget report (BD-701). The data source for FY 2010 and FY 2011 is the enacted budget, S.L. 2009-451.

University of North Carolina System:

The levels of state support for the University of North Carolina systems includes all operating General Fund appropriations for each of the 16 university campuses, excluding institutional research and tuition/fees from all years. Capital funds, operating budget for the UNC General Administration Office and funding for the NC School of Science and Mathematics (a residential high school which is part of the UNC system) have been excluded from all years. Also excluded from all years are system-wide financial aid funding and appropriations for Aid to Private Colleges. The General Fund appropriation for FY 2006 was enacted in S.L. 2005-276. For FY 2006, actual expenditures are the amounts reported on the year-end budget report (BD 701) for each campus, after adjusting for research, student financial aid and tuition/fees. The FY 2009 amount is the General Fund amount authorized by S.L. 2008-107 to the 16 public university campuses that was actually expended, as reported on the year-end budget report (BD-701). The data source for FY 2010 and FY 2011 is the enacted budget, S.L. 2009-451.

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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.

North Carolina's Primary Elementary and Secondary Education Funding Formulae										
<p>North Carolina's primary elementary and secondary education funding formulae include all funds in the State Public School Fund. North Carolina utilizes average daily membership (ADM) and average teacher salaries to direct the majority of State resources to local education agencies. ADM is based on the higher of the projected higher of the first two month's ADM or the higher of the actual first two months of the current year. Average teacher salary is based on the actual sixth pay period (December) average teacher salary for the current fiscal year.</p> <p>Below are the funding formulae (2009-10 funding factors) used in determining the calculations for the level of State support for elementary and secondary education (primary funding formulae per North Carolina Session Law 2009-451 plus LEA adjustment in 2009-11). For a general overview of how North Carolina funds public schools, please go to the following web address: http://www.ncpublicschools.org/docs/fbs/resources/data/highlights/2009highlights.pdf . For detailed information about each State formula, please go to this web address: http://www.ncpublicschools.org/docs/fbs/allotments/general/2008-09policymanual.pdf</p>										
Category	Basis of Allotment (Funding Factors are rounding.)									
Central Office Administration	FY 09-10 overall budget decreased 11.2%. FY 09-10 Planning allocations were reduced by the following percentages for ADM ranges: <8,000 - 7.5%; 8,000 to 29,999 - 14%; >29,999 - 18%									
Classroom Teachers										
<i>Grades Kindergarten -3</i>	1 per 18 in ADM. (LEA Class Size Avg. is 21)									
<i>Grades 4 - 6</i>	1 per 22 in ADM. (LEA Class Size Avg. is 26)									
<i>Grades 7 - 8</i>	1 per 21 in ADM. (LEA Class Size Avg. is 26)									
<i>Grade 9</i>	1 per 24.5 in ADM. (LEA Class Size Avg. is 26)									
<i>Grades 10 - 12</i>	1 per 26.64 in ADM. (LEA Class Size Avg. is 29)									
<i>Math/Science/Computer Teachers</i>	1 per county or based on subagreements.									
Teacher Assistants	\$1,101.94 per K-3 ADM.									
Instructional Support	1 per 200.10 in ADM.									
School Building Administration										
Principals	1 per school with at least 100 ADM or at least 7 state paid teachers.									
Assistant Principals	1 month per 80 in ADM.									
Career Technical Ed. - MOE	Base of 50 Months of Employment per LEA with remainder distributed based on ADM in grades 8-12.									
Classroom Materials/Instructional Supplies/Equipment	\$59.82 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing.									
Textbooks	\$40.75 per ADM in grades K-12.									
Noninstructional Support Personnel	\$7.84 per ADM.									
	\$6,000 per Textbook Commission member for Clerical Assistants.									

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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.

North Carolina Community College System:

The level of State support for the NC Community College system is the amount of General Fund Appropriations provided in each fiscal year in State aid to the 58 institutions for current operations, equipment, and library resources. Capital funds, tuition/fees, financial aid, and funding for the NC Community College system Office are excluded in all years. The level of State support for FY 2008 is the amount of the General Fund appropriation enacted in S.L. 2007-323 that was actually expended in FY 2008 as reported on the year-end budget report (BD-701). For FY 2009, the level of State support is the General fund appropriation authorized by S.L. 2008-107 that was actually expended in FY 2009 as reported on the year-end budget report (BD-701). The data source for FY 2010 and FY 2011 is enacted budget, S.L. 2009-451.

University of North Carolina System:

The data sources used in determining the levels of state support for the University of North Carolina systems includes all operating General Fund appropriations for each of the 16 university campuses, excluding institutional research and tuition/fees in all years. Capital funds, operating budget for the UNC System Office and funding for the NC School of Science and Mathematics (a residential high school which is part of the UNC system) have been excluded in all years. Also excluded from all years are system-wide financial aid funding and appropriations for Aid to Private Colleges. The General Fund appropriation for FY 2006 was enacted in S.L. 2005-276. For FY 2006, actual expenditures are the amounts reported on the year-end budget report (BD 701) for each campus, after adjusting for research, student financial aid and tuition/fees. The FY 2009 amount is the General Fund amount authorized by S.L. 2008-107 to the 16 public university campuses that was actually expended, as reported on the year-end budget report (BD-701). The data source for FY 2010 and FY 2011 is the enacted budget, S.L. 2009-451.

LED 10/30/09

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 support for these institutions.

North Carolina Community College System:

Funds for the North Carolina Community College System are allocated to the colleges by the State Board of Community Colleges in a manner not inconsistent with actions of the General Assembly per G.S. 115D-5. The 2008-09 allocation to the North Carolina Community College System was based upon the aggregate shortfall in state support in 2008-09 as compared to 2007-08. The allocations to individual community colleges were made by determining the State support IHE payroll obligations for May 2009. Funds were used to meet payroll obligations in May 2009. No additional funds will be awarded to the North Carolina Community College System.

University of North Carolina System:

Funds for the UNC system are allocated to the constituent institutions by the President and Board of Governors in a manner not inconsistent with actions of the General Assembly per G.S. 116-11.

The allocation to the University of North Carolina System was based upon the aggregate shortfall in state support in 2008-09 as compared to 2007-08. The allocations to individual UNC institutions were made by determining State support IHE payroll obligations for June 2009. Funds were used to meet payroll obligations in June 2009. The State Fiscal Stabilization Funds will be awarded to UNC IHES in 2009-10 and 2010-11 by determining State support payroll obligations.

CFD 10/30/09