

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

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

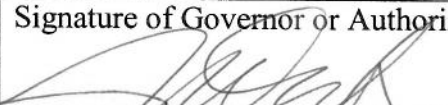
- Appendix A – State Allocation Data
- Appendix B – Instructions for Part 3: Initial Baseline Data for Education Reform Assurances
- Appendix C – Instructions for Part 4: Maintenance of Effort
- Appendix D – Instructions for Part 5: State Uses of Funds
- Appendix E – Application Checklist and Submission 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): Jeremiah W. (Jay) Nixon Office of the Governor State of Missouri	Applicant's Mailing Address: Governor's Office State Capitol Room 216 Jefferson City, Missouri 65102
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: Linda Luebbering Position and Office: Missouri Budget Director Contact's Mailing Address: Office of Administration Division of Budget and Planning P.O. Box 809 Jefferson City, Missouri 65102 Telephone: 573-751-3925 Fax: 573-526-4811 E-mail address: linda.luebbering@oa.mo.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: Position and Office: Same 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): Jeremiah W. (Jay) Nixon	Telephone: 573-751-4917
Signature of Governor or Authorized Representative of the Governor: 	Date: 6/30/09

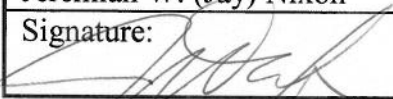
Recommended Statement of Support from the Chief State School Officer <i>(Optional)</i> : The State educational agency will cooperate with the Governor in the implementation of the State Fiscal Stabilization Fund program.	
Chief State School Officer (Printed Name): Dr. Bert Schulte	Telephone: 573-751-4446
Signature of the Chief State School Officer: 	Date: 6/30/09

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):	
Jeremiah W. (Jay) Nixon	
Signature: 	Date: 6/30/09

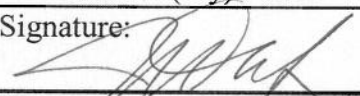
PART 3: INITIAL BASELINE DATA FOR EDUCATION REFORM ASSURANCES

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*):

- Achieving Equity in Teacher Distribution Assurance.
- Improving Collection and Use of Data Assurance.
- Improving Standards Assurance.
- Supporting Struggling Schools Assurance.

Governor or Authorized Representative of the Governor (Printed Name):	
Jeremiah W. (Jay) Nixon	
Signature: 	Date: 6/30/09

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

SPECIAL NOTES:

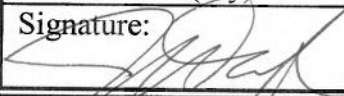
- In completing Part 4 of the application, please refer to Appendix C – Instructions for Part 4: Maintenance of Effort.
- The Governor or his/her authorized representative should check only those MOE requirements that he or she anticipates the State will meet. If the Governor or his/her authorized representative 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):	
Jeremiah W. (Jay) Nixon	
Signature: 	Date: 6/30/09

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):	
N/A	
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	<u>\$ 2,733,244,262</u>
FY 2009*	<u>\$ 3,142,590,865</u>
FY 2010*	<u>\$ 2,733,244,262</u>
FY 2011*	<u>Not available</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):*

FY 2006	<u>\$831,027,290</u>
FY 2009*	<u>\$961,515,803</u>
FY 2010*	<u>\$856,729,164</u>
FY 2011*	<u>Not available</u>

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

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

- (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.

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>\$3,039,670,859</u> |
| (b) Level of State support for public IHEs in FY 2008 | <u>\$ 893,139,878</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>\$3,142,590,865</u> |
| (d) Level of State support for public IHEs in FY 2009 | <u>\$961,515,803</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>\$2,733,244,262</u> |
| Amount required per enacted formulae | <u>\$3,212,658,133</u> |
| (f) Level of State support for public IHEs in FY 2010 | <u>\$856,729,164</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.

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 Attachment B

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 Attachment B

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 \$ 0

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 \$ 479,413,871 – (The restoration is accomplished with \$459,413,871 in Education Stabilization Fund and \$20 million from the Government Services Fund)
- (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 \$ 104,786,639
- (e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010 \$ 188,971,825

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 Attachment B

**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.

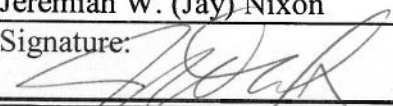
Uses of the Government Services Fund

Category	Estimated Percentage of Funds to Be Used
Public Safety	
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities)	35.3%
Public IHEs (excluding modernization, renovation, or repair of IHEs)	20.0%
Modernization, renovation, or repair of public school facilities	
Modernization, renovation, or repair of IHEs	
Medicaid	
Public assistance	
Transportation	
Other (please describe)	25.5%
Undetermined	19.2%
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): Jeremiah W. (Jay) Nixon	
Signature: 	Date: 6/30/09

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): Jeremiah W. (Jay) Nixon	
Signature: 	Date: 6/30/09

Missouri Attachment A

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

The level of state support for elementary and secondary education was determined by totaling amounts available from state funds in the state's operating budget for the state's primary funding formulae and related distributions to school districts and charter schools between FY 2006 and FY 2010. The level of State support for elementary and secondary education was determined for FY 2006, FY 2007, and FY 2008 by extracting expenditure data from the Statewide Accounting for Missouri system (SAM II) and totaling the figures for those years. For the current year FY 2009 expenditure data are not yet available so the appropriations were extracted from the SAM II system. For FY 2010 the appropriations included in the budget (House Bill 2) approved for the new year beginning July 1, 2009 are used.

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

The level of state support for public IHEs was determined by totaling amounts available from state funds in the state's operating budget to the two-year and four-year public higher education institutions between FY 2006 and FY 2010. The level of State support for public IHEs was determined for FY 2006, FY 2007, and FY 2008 by extracting expenditure data from the Statewide Accounting for Missouri system (SAM II) and totaling the figures for those years. For the current year FY 2009 expenditure data are not yet available so the appropriations were extracted from the SAM II system. For FY 2010 the appropriations included in the budget (House Bill 3) approved for the new year beginning July 1, 2009 are used.

Missouri Attachment B

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.

Missouri's primary funding formulae include funding categories for basic state aid, also referred to as foundation aid, small schools, virtual education and transportation. The legislation authorizing these is in the Missouri Revised Statutes. Links to applicable statutes will be provided in the description of each category.

Basic or Foundation Aid

The primary funding formula for K-12 school districts is known as the Basic Formula or the Foundation Formula. The main applicable statutes are found at these websites:

Section 163.011, Revised Statutes of Missouri

<http://www.moga.mo.gov/statutes/C100-199/1630000011.HTM>

Section 163.031, Revised Statutes of Missouri

<http://www.moga.mo.gov/statutes/C100-199/1630000031.HTM>

The legislature appropriates money for this formula based on the sum of the calculation of all districts.

Missouri's current foundation formula was adopted in the 2005 legislative session and became effective with the 2006-07 year. It is designed to assure that all districts have at least the "state adequacy target" of money supporting each child if the district chooses to have an operating property tax levy equal to or greater than the performance tax levy of \$3.43 set by the legislature.

The basic mathematical calculation is depicted below after which is a description of the variables:

Weighted Average Daily Attendance
X State Adequacy Target
X Dollar Value Modifier
– Local Effort
= State Payment

The "state adequacy target" variable in the formula is based on the average current expenditure per average daily attendance of local and state dollars in those districts meeting all performance standards established by the Missouri State Board of Education (SBE). Beginning with the 2006-07 school year, the state adequacy target funding level of combined state and local money was \$6,117 per student (measured as weighted average daily attendance). This state adequacy target variable is recalculated every two years. The first recalculation did not result in an increase to the variable; consequently, the state adequacy target value remains at \$6,117 for FY10.

The student measure known as Weighted Average Daily Attendance is a calculation that includes average daily attendance of the regular school term and the summer school term plus weighting for Free or Reduced Lunch eligible students, Special Education students and Limited English Proficient students when the district's count of these student populations exceeds the average percentage (threshold) of the districts meeting all performance standards established by the SBE.

The Dollar Value Modifier (DVM) was designed to reflect the relative purchasing power of a dollar as related to wage data for metropolitan, micropolitan and county areas available from the U.S. Department of Commerce, Bureau of Economic Analysis.

Local effort is a one-time calculation of local revenues for the 2004-05 school year. The primary local revenue is local property tax and is calculated as follows: 2004 assessed valuation divided by 100 multiplied

by \$3.43 minus fees retained by the county collector and assessor. If a district's assessed valuation decreases below the 2004 valuation, the lower valuation will be used in the local effort calculation. The fixed tax rate of \$3.43 is specified in the statute as the performance levy.

Disregarding hold harmless provisions, the school districts with more local effort will receive less state aid. This formula will be phased in over seven years beginning in 2006-07. The initial calculation is then adjusted for the phase-in provisions and hold harmless provisions.

In the legislative session that ended May 15, 2009 the legislature appropriated money for FY10 based on the estimate of the amount to be paid each district in FY10. The Missouri Department of Elementary and Secondary Education will submit a supplemental budget request for FY10 to the Governor to increase the FY10 appropriation to reflect the updated cost based on new data submissions by school districts. The Governor will then consider whether to request that funding from the legislature.

Small Schools

Another component of the foundation formula is the specific allocation to small schools. For this funding a small school is defined as a district with an average daily attendance, including summer school, no greater than 350. The legislation specifies that \$15 million is to be appropriated with the money distributed in two parts. One part of \$10 million is distributed equally per average daily attendance for the eligible districts. The second part of \$5 million is distributed on a tax-rate weighted average daily attendance basis to the eligible small districts who also have a tax rate for general school purposes equal to or greater than the state performance levy of \$3.43.

The applicable statute is found at this website:

Section 163.044, Revised Statutes of Missouri
<http://www.moga.mo.gov/statutes/C100-199/163000044.HTM>

Missouri Virtual Instruction Program

The Missouri State Board of Education was required to establish a virtual public school prior to July 1, 2007. This virtual instructional program has been named Missouri Virtual Instruction Program (MoVIP). MoVIP is a K-12 program with funding provided by legislative appropriation to allow Missouri to offer virtual online courses for students statewide.

MoVIP's mission is to offer Missouri students equal access to a wide range of high quality courses, flexibility in scheduling, and interactive online learning that is neither time nor place dependent. Students can take an entire course from any Internet-connected computer, available 24 hours a day, seven days a week.

The Missouri Department of Elementary and Secondary Education (DESE) and the State Board of Education oversee administration and quality assurance activities such as related content and delivery of courses.

The applicable statute and state regulation are found at these websites:

Section 161.670, Revised Statutes of Missouri
<http://www.moga.mo.gov/statutes/C100-199/1610000670.HTM>

Missouri State Regulation for Virtual Instruction Program
<http://www.dese.mo.gov/schoollaw/rulesregs/50500010.htm>

Transportation Aid

Missouri's transportation formula provides a reimbursement to public school districts and charter schools for the allowable costs to transport pupils who live more than 1 mile from the school they attend to and from school at the beginning and end of the school day during the regular school term. The legislative appropriation provides public school districts and charter schools with no more than seventy-five percent (75%) maximum reimbursement entitlement of their prior year allowable costs eligible for state transportation aid.

The primary applicable statutes and state regulation are found at these websites:

Section 163.161, Revised Statutes of Missouri
<http://www.moga.mo.gov/statutes/C100-199/1630000161.HTM>

Section 167.231, Revised Statutes of Missouri
<http://www.moga.mo.gov/statutes/C100-199/1670000231.HTM>

Missouri State Regulation for the Allowable Costs for State Transportation Aid
<http://www.dese.mo.gov/schoollaw/rulesregs/30261040.html>

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 level of state support for public IHEs was determined by totaling amounts available from state funds in the state's operating budget to the two-year and four-year public higher education institutions between FY 2006 and FY 2010. The level of State support for public IHEs was determined for FY 2006, FY 2007, and FY 2008 by extracting expenditure data from the Statewide Accounting for Missouri system (SAM II) and totaling the figures for those years. For the current year FY 2009 expenditure data are not yet available so the appropriations were extracted from the SAM II system. For FY 2010 the appropriations included in the budget (House Bill 3) approved for the new year beginning July 1, 2009 are used.

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 FY 2010 budget allocates the education stabilization funds proportionally to the state funds that the public IHEs received in FY 2009. All public IHEs received budget cuts and the stabilization funding will restore those cuts proportionally.

Uses of the Government Services Fund – page E-9
Description of “Other”

Accountability and transparency - \$950,000

The state intends to use these funds to provide for administrative costs necessary to implement the American Recovery and Reinvestment Act (ARRA). The state expects that state agencies will need to contract for services with private contractors to supply the manpower necessary to quickly and efficiently award, procure, distribute, and monitor ARRA funding. In addition, the state must respond to the transparency and reporting demands by implementing new systems, changing application processes, improving data collection systems and efforts, and improving monitoring of recipient grantees. This may require the need to solicit contractor help to help improve information systems, data collection efforts, and the tracking necessary to comply with the ARRA.

Health care information Technology - \$1,680,000

The ARRA requires matching funds for certain Health Care Information Technology (HIT)-Related programs and permits local effort in other HIT-related applications. These funds will be used towards those programs.

Broadband - \$40 million

The ARRA provides \$7.2 billion in funding for broadband and related programs through the NTIA and the USDA RUS. The federal rules and program guidance have yet to be issued. The state is developing a comprehensive application to expand broadband availability and ensure that anchor institutions across the state are identified and connected. The appropriation is intended to enable the state to react to the federal guidance on the state's role in the federal government's broadband vision. That guidance will allow the state to develop an application in the amounts and structure required by the federal government.

Bert Schulte
Interim Commissioner of Education



Gerri Ogle
Associate Commissioner

Missouri Department of Elementary and Secondary Education

— Making a positive difference through education and service —

June 30, 2009

Dr. Joseph C. Conaty, Director
Academic Improvement and Teacher Quality Programs
Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue, SW., Room 3E314
Washington, DC 20202

Dear Dr. Conaty:

Please find enclosed the original and two copies of the Application for Initial Funding under the State Fiscal Stabilization Fund Program for the State of Missouri. The application has also been submitted electronically in .PDF format.

If you need additional information, please contact our office at 573-751-2587 or email gerri.ogle@dese.mo.gov

Sincerely,

A handwritten signature in cursive script that reads 'Gerri Ogle'.

Gerri Ogle

dr
Enclosures (3)