

# 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

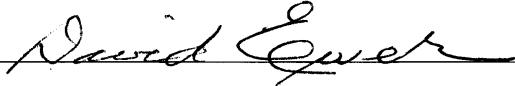
- Appendix A – State Allocation Data
- Appendix B – Instructions for Part 3: Initial Baseline Data for Education Reform Assurances
- Appendix C – Instructions for Part 4: Maintenance of Effort
- Appendix D – Instructions for Part 5: State Uses of Funds
- Appendix E – Application Checklist and Submission 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): <b>Brian Schweitzer</b>	Applicant's Mailing Address: <b>Office of the Governor PO Box 200801 Helena, MT 59620-0801</b>
State Contact for the Education Stabilization Fund (CFDA No. 84.394)  Name: <b>David Ewer</b>  Position and Office: <b>State of Montana Budget Director</b>  Contact's Mailing Address: <b>Office of Budget and Program Planning PO Box 200802 Helena, MT 59620-0802</b>  Telephone: <b>(406) 444-3698</b> Fax: <b>(406) 444-4670</b> E-mail address: <b>dewer@MT.Gov</b>	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: <b>Same</b>  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):  <i>DAVID EWER</i>	Telephone:  <i>406 444 3698</i>
Signature of Governor or Authorized Representative of the Governor:  	Date:  <i>June 26, 2009</i>

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):  	Telephone:  <i>406-444-5658</i>
Signature of the Chief State School Officer:	Date:  <i>6.26.09</i>

## 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):	
DAVID EWER,	
Signature:	Date:
David Ewer	June 26, 2007


**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):	
DAVID EVERA	
Signature:	Date:
	June 26, 2009

**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):	
DAVID EWER	
Signature:	Date:
	June 26, 2009

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

**SPECIAL NOTES:**

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

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

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

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

N.A.

**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>\$518,014,833<sup>(1)**</sup> (Actual)<sup>***</sup></u>
<b>FY 2009*</b>	<u>\$627,765,863<sup>(2)**</sup> (Actual)<sup>***</sup></u>
<b>FY 2010*</b>	<u>\$608,967,557<sup>(3)**</sup> (Appropriated)<sup>***</sup></u>
<b>FY 2011*</b>	<u>\$611,015,980<sup>(4)**</sup> (Appropriated)<sup>***</sup></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>\$131,297,110<sup>(5)**</sup> (Actual)<sup>***</sup></u>
<b>FY 2009*</b>	<u>\$162,524,979<sup>(6)**</sup> (Appropriated)<sup>***</sup></u>
<b>FY 2010*</b>	<u>\$132,762,756<sup>(7)**</sup> (Appropriated)<sup>***</sup></u>
<b>FY 2011*</b>	<u>\$132,762,755<sup>(8)**</sup> (Appropriated)<sup>***</sup></u>

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

(\*\* Tie to data reported on the SFSF Stabilization Application Funding Summaries attached.)

(\*\*\*Terms defined in Appendix A-1.)

**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.



**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>\$610,430,526 (Actual)***</u>
(b) Level of State support for public IHEs in FY 2008	<u>\$150,980,024 (Actual)***</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>\$627,765,863 <sup>(2)**</sup> (Actual)***</u>
(d) Level of State support for public IHEs in FY 2009	<u>\$162,524,979<sup>(6)**</sup> (Appropriated)***</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>\$634,298,586 (Required level - Enacted)</u> <u>\$608,967,557<sup>(3)**</sup> (Appropriated)***</u>
(f) Level of State support for public IHEs in FY 2010	<u>\$162,524,979 (Required level- FY09 Appropriated)***</u> <u>\$132,762,756<sup>(7)**</sup> (FY10 Appropriated)***</u>

(\*\* Tie to data reported on the SFSF Stabilization Application Funding Summaries Report.)

(\*\*\*Terms defined in Appendix A-1.)

**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.

**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 \$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	<u>\$25,331,029</u>
(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>\$29,762,223</u>
(e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010	<u>\$66,534,998</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.

**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**

<b>Category</b>	<b>Estimated Percentage of Funds to Be Used</b>
Public Safety	10%
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities)	0%
Public IHEs (excluding modernization, renovation, or repair of IHEs)	67%
Modernization, renovation, or repair of public school facilities	0%
Modernization, renovation, or repair of IHEs	0%
Medicaid	0%
Public assistance	18%
Transportation	0%
State building modernization and repair.	5%
Undetermined	0%
<b>TOTAL</b>	<b>100%</b>

**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](http://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): <i>DAVID ENER</i>	
Signature: <i>David Ener</i>	Date: <i>June 26, 2009</i>

## 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):	
DAVID EWER	
Signature:	Date:
David Ewer	June 26, 2009

**Appendices to the  
Application for Initial Funding under the  
State Fiscal Stabilization Fund Program**



# State of Montana SFSF Application Appendices

## APPENDIX A - - in response to the question on Page 6 of the application

- 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 for
  - b. Public IHEs

The data source for this application is Montana's State Accounting, Budgeting, and Human Resources System (SABHRS), except as otherwise noted. All state agencies are required to use SABHRS, including state expenditures for elementary, secondary and public IHEs higher education. SABHRS is audited for both appropriations and expenditures and is the primary data source in producing the State's audited Comprehensive Annual Financial Report.

Actual spending amounts are shown for FY 2006 and FY 2008. Appropriated amounts are shown for FY 2010 and FY 2011. For FY 2009, the Office of Public Instruction Final Payment Report was used.

A spreadsheet of the appropriation bills, line items, and appropriations as established on SABHRS is attached (or available on the web).

Definitions applicable to this application include:

- Actual – Actual expenditures as recorded on SABHRS as of June 26, 2009.
- Appropriated – Appropriated level of funding from legislatively enacted bills as recorded in SABHRS as of the date of this application.
- Enacted – The level of funding for K-12 education that is required to be expended according to the laws that were passed prior to October of 2008.

# State of Montana SFSF Application Appendices

## APPENDIX B - - in response to the question on Page 8 of the application

### 2. State's Primary Education Funding Formulae

**Additional Submission Requirements:** 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.

Montana's "basic system of free quality public elementary and secondary schools," required by the Montana Constitution and upon which Montana's K-12 funding formula must be based, is defined in statute. Montana's primary and secondary education funding formulae is the result of an equity lawsuit in the 1980's, and a Montana Supreme Court decision in an adequacy lawsuit in 2005. In 2008, the district court determined that the state had met its obligation.

State aid to Montana public elementary and secondary schools is provided through a statutory funding formula consisting of: direct state aid and a guaranteed tax base to fund the state's share of the "basic entitlement" (an amount of money distributed to elementary and high school districts regardless of the size of the district) and the "per ANB entitlement" (similar to a "per student" funding mechanism; "ANB" or "average number belonging" includes other factors such as attendance of the student); a "quality educator" component; an "at-risk student" component; an "Indian education for all" component; an "American Indian achievement gap" component; and a "special education allowable cost" payment. Additionally, statutes require an inflationary adjustment to the basic and per-ANB entitlements and allow for a 3-year averaging of the per-ANB determination (to address declining enrollment).

Statutory links are as follows:

<a href="http://data.opi.state.mt.us/bills/mca/Constition/X/1.htm">http://data.opi.state.mt.us/bills/mca/Constition/X/1.htm</a>	Constitution
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-309.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-309.htm</a>	Definition of Quality Education
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-306.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-306.htm</a>	Definitions
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-327.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-327.htm</a>	Quality educator payment
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-328.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-328.htm</a>	At-risk student payment
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-329.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-329.htm</a>	Indian education for all payment
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-330.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-330.htm</a>	American Indian achievement gap payment
<a href="http://data.opi.state.mt.us/bills/mca/20/9/20-9-326.htm">http://data.opi.state.mt.us/bills/mca/20/9/20-9-326.htm</a>	Annual inflation-related adjustments
<a href="http://data.opi.mt.gov/bills/mca/20/9/20-9-311.htm">http://data.opi.mt.gov/bills/mca/20/9/20-9-311.htm</a>	Calculation of average number belonging (ANB)

# State of Montana SFSF Application Appendices

## APPENDIX C - - in response to the question on Page 8 of the application

### 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.

Data presented is from Montana SABHRS. Higher Education Spending – Maintenance of effort baseline data consists of current unrestricted funding for educational units of the Montana Higher Education System. The baseline data is net of any amounts for buildings, student assistance, research, public service and research agencies, distance learning, separate retirement contributions, and statewide management of the system. State funding levels for higher education are determined biennially by the Montana legislature through an appropriations process not involving a specific statutory formula.

# State of Montana SFSF Application Appendices

## APPENDIX D - - in response to the question on Page 9 of the application

### 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 Montana Board of Regents is constitutionally charged with managing the Montana University System. The Office of the Commissioner of Higher Education is the system management agency for the regents. While the System receives all appropriations from the Montana legislature, the regents determine actual funding amounts individual IHEs will receive. Due to this constitutional separation of power, the legislature typically appropriates operational funding to the educational units of the University System (Montana State University and its associated campuses and the University of Montana and its associated campuses) in a single appropriation.

The regents have made assurances in the attached letter to the Governor's Office of Budget and Program Planning with respect to education stabilization funding on matters regarding:

- Complying with all ARRA's transparency, accountability and reporting requirements
- Limiting tuition, fees and other costs to keep Montana's IHEs affordable
- Mitigating job losses
- Recognizing one-time only funding consequences to avoid funding/service 'cliff'
- Acknowledging continued need for strategic planning



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**Denise Juneau**  
Superintendent

June 25, 2009

Arne Duncan  
U.S. Secretary of Education  
U.S. Department of Education  
Washington, DC 20202-4537

Subject: Education Stabilization Funding

The State of Montana is applying for \$121,628,250 of the Education Stabilization funding in the American Recovery and Reinvestment Act (ARRA). The 2009 Montana Legislature and the Governor's Office determined that \$62,103,803 of the Education Stabilization funding will be distributed to K-12 schools and \$59,524,447 will be distributed to the Montana University System.

As the Superintendent of Public Instruction for Montana, I oversee the distribution of K-12 funding in our state. My office will collect the data from K-12 schools and collaborate with the Governor's Office for accountability, transparency, and reporting purposes associated with the ARRA.

I look forward to working with Montana's K-12 school districts, the Governor's Office, and your office on the ARRA and future partnership efforts.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise Juneau".

Denise Juneau  
Superintendent of Public Instruction



# MONTANA UNIVERSITY SYSTEM

Sheila M. Stearns  
Commissioner of Higher Education

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June 23, 2009

Arne Duncan  
U.S. Secretary of Education  
U.S. Department of Education  
Washington, D.C. 20202-4537

Subject: Education Stabilization Funding

Dear Secretary Duncan:

The state of Montana is applying for \$121,628,250 of the Education Stabilization funding in the American Recovery and Reinvestment Act (ARRA). The 2009 Montana Legislature appropriated \$59,524,447 to the Montana University System with the remainder to be distributed to K-12 schools. The Montana University System also stands to receive a substantial portion of the state's General Government Stabilization funds (\$18,190,387) to be used to mitigate tuition increases for resident students.

As the Commissioner of Higher Education for the State of Montana, my office, under the direction of the Board of Regents, oversees the distribution of funds to Montana's IHE's and will play a key role in distributing and monitoring federal stabilization funds. I would like to assure you that the Regents and my office are committed to advancing higher education and meeting the spirit and letter of the American Recovery and Reinvestment act. This commitment includes:

- Complying with all ARRA's transparency, accountability and reporting requirements
- Limiting tuition, fees and other costs to keep Montana's IHE's affordable
- Mitigating job losses
- Recognizing one-time only funding consequences to avoid funding/service 'cliff'
- Acknowledging continued need for strategic planning

Secretary Duncan, I look forward to working with your office along with the Office of the Governor of Montana in furthering the vital public interest in the area of higher education through the American Recovery and Reinvestment Act during these especially challenging times.

Sincerely,

A handwritten signature in cursive script that reads "Sheila M. Stearns".

Sheila M. Stearns,  
Commissioner of Higher Education  
Montana University System



**SFSF Stabilization Application  
Funding Summaries**  
Data from Montana's State Accounting, Budgeting, and Human Resources System (SABHRS)  
as of June 26, 2009

**Meets Maintenance of Effort Requirements of FY 2006**

Business				Actual	Appropriated	
Unit	Source of Authority	Subclass	Fund	FY 2006	FY 2010	FY 2011
<b>K - 12 Funding</b>						
35010	HB2 & HB13	160H5 K-12 BASE AID RST/BIEN	01100 General Fund	412,842,380	514,057,358	515,378,870
		160HA SPECIAL EDUCATION RST/BIEN	01100 General Fund	38,488,071	40,413,567	40,413,567
		160HG AT-RISK PAYMENT-RST/BIEN	01100 General Fund		1	1
	MT Reinvestment Act (HB 645)	160W7 HB645-SPECIAL ED-MOE	01100 General Fund		1,233,764	1,233,764
	SA Statutory	160S1 GUARANTEE ACCOUNT-BASE-only the BASE AID org 21	02018 Guarantee Fund	66,684,383	53,262,867	53,989,778
<b>35010 Total</b>				<b>\$518,014,833<sup>(1)</sup></b>	<b>\$608,967,557<sup>(3)</sup></b>	<b>\$611,015,980<sup>(4)</sup></b>
<b>Montana University System</b>						
51020	HB2 & HB13	260H1 COMMUNITY COLLEGE LUMP BIEN	01100 General Fund	7,461,216	8,635,484	8,735,483
		260H2 CC AUDIT APPROP RST/BIEN	01100 General Fund		40,751	-
		260H7 CC LEGISLATIVE AUDIT RST/BIEN	01100 General Fund	21,200		
		280HD HB 13 OTO - ED UNITS	01100 General Fund		1,012,655	-
		280HG GT FALLS DNTL HYGIENE RST	01100 General Fund	235,000		
		280HH MUS ED UNITS LUMP BIEN	01100 General Fund	110,194,693	99,119,243	101,430,864
		280HH MUS ED UNITS LUMP BIEN	02443 University Millage	13,385,001	18,318,027	17,018,698
		280HK LEG AUDIT (RST/BIEN)	01100 General Fund		614,220	-
		280HM ED UNITS PAY PLAN	01100 General Fund		1,124,210	2,286,595
		260W1 HB645 CC REST (RST/OTO 6/30/11)	01100 General Fund		606,189	671,586
		260W3 ARRA CC ASSISTANCE 6/30/11	01100 General Fund		137,944	113,299
	MT Reinvestment Act (HB 645)	280WH HB645 TUITION MITI 6/30/11	01100 General Fund		3,154,033	2,506,230
<b>51020 Total</b>				<b>\$131,297,110<sup>(5)</sup></b>	<b>\$132,762,756<sup>(7)</sup></b>	<b>\$132,762,755<sup>(8)</sup></b>
<b>Grand Total K-12 and the Montana University System</b>				<b>\$649,311,943</b>	<b>\$741,730,313</b>	<b>\$743,778,735</b>



**SFSF Stabilization Application  
Funding Summaries**  
Data from Montana's State Accounting, Budgeting, and Human Resources System (SABHRS)  
as of June 26, 2009

**Meets Minimum Requirements of FY 2009**

Business Unit		Source of Authority	Subclass	Fund	Actual FY 2009	Appropriated FY 2010    FY 2011	
<b>K - 12 Funding</b>							
35010	HB2 & HB13		160H5 K-12 BASE AID RST/BIEN	01100 General Fund	529,351,999	514,057,358	515,378,870
			160HA SPECIAL EDUCATION RST/BIEN	01100 General Fund	41,628,176	40,413,567	40,413,567
			160HG AT-RISK PAYMENT-RST/BIEN	01100 General Fund	5,000,000	1	1
	MT Reinvestment Act (HB 645)		160W8	03488 Education Stabilization Fund		14,613,477	25,779,699
			160W9	03488 Education Stabilization Fund		10,717,552	10,993,075
	MT Reinvestment Act (HB 645)		160W7 HB645-SPECIAL ED-MOE	01100 General Fund		1,233,764	1,233,764
	SA Statutory		160S1 GUARANTEE ACCOUNT-BASE-only the BASE AID org 21	02018 Guarantee Fund	51,785,688	53,262,867	53,989,778
<b>35010 Total</b>					<b>\$627,765,863<sup>(2)</sup></b>	<b>\$634,298,586</b>	<b>\$647,788,754</b>
<b>Montana University System</b>							
51020	HB2 & HB13		260H1 COMMUNITY COLLEGE LUMP BIEN	01100 General Fund	9,420,368	8,635,484	8,735,483
			260H2 CC AUDIT APPROP RST/BIEN	01100 General Fund		40,751	
			260H7 CC LEGISLATIVE AUDIT RST/BIEN	01100 General Fund			
			280HD HB 13 OTO - ED UNITS	01100 General Fund		1,012,655	
			280HG GT FALLS DNTL HYGIENE RST	01100 General Fund	235,000		
			280HH MUS ED UNITS LUMP BIEN	01100 General Fund	137,000,175	99,119,243	101,430,864
			280HH MUS ED UNITS LUMP BIEN	02443 University Millage	15,869,436	18,318,027	17,018,698
			280HK LEG AUDIT (RST/BIEN)	01100 General Fund		614,220	-
			280HM	01100 General Fund		1,124,210	2,286,595
			260W1 HB645 CC REST (RST/OTO 6/30/11)	01100 General Fund		606,189	671,586
			260W3 ARRA CC ASSISTANCE 6/30/11	01100 General Fund		137,944	113,299
	MT Reinvestment Act (HB 645)		280WF ARRA STAB FUND HI ED 6/30/11	03488 Education Stabilization Fund		29,762,223	29,762,224
			280WH HB645 TUITION MITI 6/30/11	01100 General Fund		3,154,033	2,506,230
<b>51020 Total</b>					<b>\$162,524,979<sup>(6)</sup></b>	<b>\$162,524,979</b>	<b>\$162,524,979</b>
<b>Grand Total K-12 and the Montana University System</b>					<b>\$790,290,842</b>	<b>\$796,823,565</b>	<b>\$810,313,733</b>

Note that K-12 must also meet the minimum legal requirements as of October 1, 2008. Required levels equal the FY 2010 and FY 2011 appropriated levels. FY 2009 is as of June 26, 2009 SABHRS will not be final until fiscal year end.





**SFSF Stabilization Application  
Funding Summaries**  
Data from Montana's State Accounting, Budgeting, and Human Resources System (SABHRS)  
as of June 26, 2009

**Total SFSF Stabilization Funding**

Business Unit	Source of Authority	Subclass	Fund	Appropriated	
				FY 2010	FY 2011
<b>Education Stabilization</b>					
<b>K - 12 Funding</b>					
35010	MT Reinvestment Act (HB 645)	160W8, 160W9	03488 Education Stabilization Fund	25,331,029	36,772,774
<b>Montana University System</b>					
51020	MT Reinvestment Act (HB 645)	280WF ARRA STAB FUND HI ED 6/30/11	03488 Education Stabilization Fund	29,762,223	29,762,224
<b>Total SFSF Education Stabilization Funding</b>				<b>\$55,093,252</b>	<b>\$66,534,998</b>
<b>General Government Stabilization</b>					
<b>Montana University System</b>					
51020	MT Reinvestment Act (HB 645)	260W3, 260W4, 280WM, 280WS	03487 General Stabilization ARRA	8,952,693	9,237,695
<b>Department of Corrections</b>					
64010	MT Reinvestment Act (HB 645)	690W1, 695W1, 701W1	03487 General Stabilization ARRA	1,352,812	1,359,747
<b>Department of Public Health and Human Services</b>					
69010	MT Reinvestment Act (HB 645)	875WA	03487 General Stabilization ARRA	1,000,000	1,000,000
69010	MT Reinvestment Act (HB 645)	Aging Services Not established on SABHRS as of June 26, 2009	03487 General Stabilization ARRA	1,441,081	1,441,082
<b>Long Range Building</b>					
99999	MT Reinvestment Act (HB 645)	Not established on SABHRS at the time of publication	03487 General Stabilization ARRA	638,216	638,216
<b>Total SFSF General Stabilization Funding</b>				<b>\$13,384,802</b>	<b>\$13,676,740</b>
<b>Grand Total Stabilization Funding</b>				<b>\$68,478,054</b>	<b>\$80,211,738</b>
				<b>Total Stabilization Funding</b>	<b>\$148,689,792</b>