

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

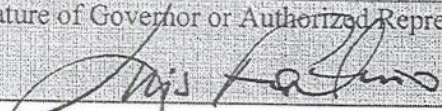
- Appendix A – State Allocation Data
- Appendix B – Instructions for Part 3: Initial Baseline Data for Education Reform Assurances
- Appendix C – Instructions for Part 4: Maintenance of Effort
- Appendix D – Instructions for Part 5: State Uses of Funds
- Appendix E – Application Checklist and Submission Information

STATE FISCAL STABILIZATION FUND REVISED APPLICATION

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

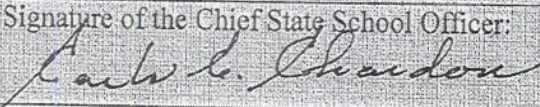
Legal Name of Applicant (Office of the Governor): Office of the Governor, Commonwealth of Puerto Rico	Applicant's Mailing Address: La Fortaleza PO Box 9020082 San Juan PR 00902-0082
State Contact for the Education Stabilization Fund (CFDA No. 84.394) Name: Cristina Custodio Position and Office: Project Coordinator for AFI (Puerto Rico Infrastructure Financing Authority) Contact's Mailing Address: Capital Center Torre Norte 235 Arterial Hostos Ave. Suite 1601 Hato Rey Puerto Rico 00918-1433 Telephone: (787)763-5757 x1642 Fax: (787)763-4415 E-mail address: ccustodio@afi.gobierno.pr	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): Luis G. Fortuño, Governor	Telephone: (787)721-7000
Signature of Governor or Authorized Representative of the Governor: 	Date: May 21, 2009

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.

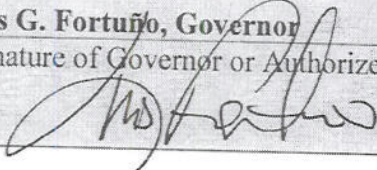
Chief State School Officer (Printed Name): Carlos E. Chardón	Telephone: (787)773-5800
Signature of the Chief State School Officer: 	Date: May 21, 2009

STATE FISCAL STABILIZATION FUND APPLICATION

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

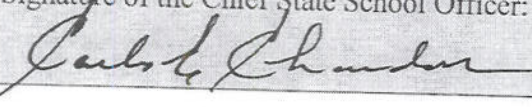
<p>Legal Name of Applicant (Office of the Governor): Office of the Governor, Commonwealth of Puerto Rico</p>	<p>Applicant's Mailing Address: La Fortaleza PO Box 9020082 San Juan PR 00902-0082</p>
<p>State Contact for the Education Stabilization Fund (CFDA No. 84.394)</p> <p>Name: Cristina Custodio</p> <p>Position and Office: Project Coordinator for AFI (Puerto Rico Infrastructure Financing Authority)</p> <p>Contact's Mailing Address: Capital Center Torre Norte 235 Arterial Hostos Ave. Suite 1601 Hato Rey Puerto Rico 00918-1433</p> <p>Telephone: (787)763-5757 x1642 Fax: (787)763-4415 E-mail address: ccustodio@afi.gobierno.pr</p>	<p>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></p> <p>Name: Same</p> <p>Position and Office:</p> <p>Contact's Mailing Address:</p> <p>Telephone:</p> <p>Fax:</p> <p>E-mail address:</p>

To the best of my knowledge and belief, all of the information and data in this application are true and correct.

<p>Governor or Authorized Representative of the Governor (Printed Name):</p>	<p>Telephone:</p>
<p>Luis G. Fortuño, Governor</p>	<p>(787)721-7000</p>
<p>Signature of Governor or Authorized Representative of the Governor:</p> 	<p>Date:</p> <p><i>April 30, 2009</i></p>

Recommended Statement of Support from the Chief State School Officer (Optional):

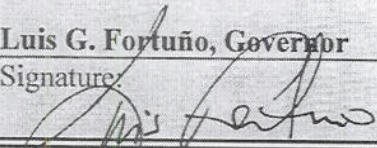
The State educational agency will cooperate with the Governor in the implementation of the State Fiscal Stabilization Fund program.

<p>Chief State School Officer (Printed Name):</p>	<p>Telephone:</p>
<p>Carlos E. Chardón</p>	<p>(787)773-5800</p>
<p>Signature of the Chief State School Officer:</p> 	<p>Date:</p> <p><i>April 30, 2009</i></p>

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):	
Luis G. Fortuño, Governor	
Signature: 	Date: April 30, 2009

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*):

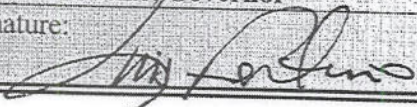
_____ Achieving Equity in Teacher Distribution Assurance.

_____ Improving Collection and Use of Data Assurance.

X* Improving Standards Assurance.

X Supporting Struggling Schools Assurance.

**Note: PR accepts the other 2 sub-assurances in the Standards and Assessments area, but is providing additional information with respect to the "Improving State Academic Content and Student Achievement Standards" sub-assurance.*

Governor or Authorized Representative of the Governor (Printed Name):	
Luis G. Fortuño, Governor	
Signature: 	Date: May 21, 2009

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

SPECIAL NOTES:

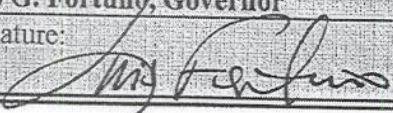
- In completing Part 4 of the application, please refer to Appendix C – Instructions for Part 4: Maintenance of Effort.
- The Governor or his/her authorized representative should check only those MOE requirements that he or she anticipates the State will meet. If the Governor or his/her authorized representative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

- 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.
- 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.
- 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.
- In FY 2009, the State will maintain State support for public IHEs at least at the level of such support in FY 2006.
- In FY 2010, the State will maintain State support for public IHEs at least at the level of such support in FY 2006.
- 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):	
Luis G. Fortuño, Governor	
Signature: 	Date: May 21, 2009

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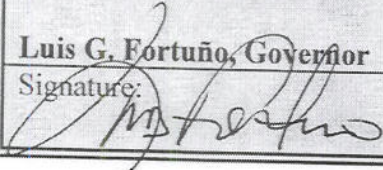
PART 4, SECTION B: MAINTENANCE-OF-EFFORT WAIVER ASSURANCE

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):	
Luis G. Fortuño, Governor	
Signature: 	Date: April 30, 2009

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 \$ 1,486,626,000
FY 2009* \$ 2,459,302,000
FY 2010* \$ 2,100,000,000
FY 2011* \$ _____

(* 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 \$ 829,169,837
FY 2009* \$ 850,864,156
FY 2010* \$ 742,047,000
FY 2011* \$ _____

(* 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.

Please see Attachment.

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

SPECIAL NOTES:

- Section A of Part 5 requests data on the Education Stabilization Fund (CFDA No. 84.394). In completing this portion of the application, please refer to Appendix D – Instructions for Part 5: State Uses of Funds.
- At a later date, the Department will collect data on the levels of State support for elementary, secondary, and postsecondary education in FY 2011.
- These data may differ from the data in the levels of support for maintenance-of-effort purposes. See instructions in Appendix D.
- The term “postsecondary education” refers to public IHEs.

1. Levels of State Support for Elementary, Secondary, and Postsecondary Education

Provide the following data on the levels of State support for elementary, secondary, and postsecondary education:

- | | |
|---|-------------------------|
| (a) Level of State support for elementary and secondary education in FY 2008 provided through the State’s primary elementary and secondary education funding formulae | \$ <u>2,395,652,000</u> |
| (b) Level of State support for public IHEs in FY 2008 | \$ <u>807,568,000</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>2,459,302,000</u> |
| (d) Level of State support for public IHEs in FY 2009 | \$ <u>850,864,156</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>2,100,000,000</u> |
| (f) Level of State support for public IHEs in FY 2010 | \$ <u>743,483,156</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.

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2. State's Primary Education Funding Formulae

Additional Submission Requirement: In an attachment to the application, identify and describe each of the State's primary elementary and secondary education funding formulae that were used in determining the calculations provided above for the levels of State support for elementary and secondary education.

Please see Attachment.

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.

Please see Attachment.

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>359,302,000</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>107,381,000</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>63,058,859</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.

Please see Attachment.

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

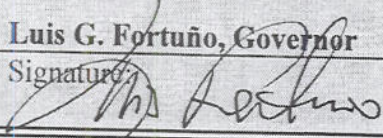
Category	Estimated Percentage of Funds to Be Used
Public Safety	26.37%
Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities)	59.39%
Public IHEs (excluding modernization, renovation, or repair of IHEs)	
Modernization, renovation, or repair of public school facilities	
Modernization, renovation, or repair of IHEs	
Medicaid	
Public assistance	
Transportation	
Other (please describe): ARRA Administration	14.24%
Undetermined	
TOTAL	100%

CC

**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)

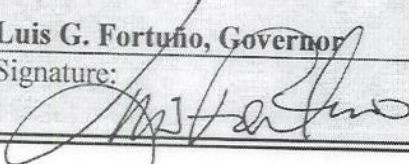
Governor or Authorized Representative of the Governor (Printed Name):	
Luis G. Fortuño, Governor	
Signature: 	Date: April 30, 2009

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):	
Luis G. Fortuño, Governor	
Signature: 	Date: April 30, 2009

PART 3: INITIAL BASELINE DATA FOR EDUCATION REFORM ASSURANCES

The Governor confirms that the data sources (as described in Appendix B) that are currently available to the US Department of Education (USDE) present reasonable metrics for all education reform assurances. Yet, the referenced USDE sources do not include specific data for the Commonwealth of Puerto Rico in regards to three of the four assurances. Therefore, we are submitting the appropriate information so that the USDE gets a more complete picture of the current status of education reform in Puerto Rico.

- Achieving Equity in Teacher Distribution Assurance

The 2006-2007 Consolidated State Performance Report (CSPR) for Puerto Rico did not contain the detailed information on highly qualified teacher distribution due to a delay in the Student Information System implementation. Therefore, we are enclosing the CSPR data (in the format of table 1.5.1 of the CSPR) for school year 2007-2008.

School Type	# of Core Academic Classes (Total)	# of Core Academic Classes Taught by Teachers who are Highly Qualified	% of Core Academic Classes Taught by Teachers who are Highly Qualified	# of Core Academic Classes Taught by Teachers who are NOT Highly Qualified	% of Core Academic Classes Taught by Teachers who are NOT Highly Qualified
All Schools	110,840	91,024	82%	19,816	18%
<i>Elementary Level</i>					
High-Poverty Schools	13,611	10,594	80%	3,017	22%
Low-Poverty Schools	18,089	14,553	78%	3,536	20%
All Elementary Schools	63,559	51,285	81%	12,274	19%
<i>Secondary Level</i>					
High-Poverty Schools	9,511	7,853	83%	1,658	17%
Low-Poverty Schools	13,520	11,205	83%	2,315	17%
All Secondary Schools	47,281	39,739	84%	7,542	16%

- Improving Collection and Use of Data Assurance

Puerto Rico's data is not included in the Data Quality Campaign state survey information. We are enclosing Puerto Rico's answers for the survey's 10 essential elements as outlined in the Data Quality Campaign's website.

Essential Element	Met by Puerto Rico?
1. Statewide Student Identifier	Yes
2. Student-Level Enrollment Data	Yes
3. Student-Level Test Data	Yes
4. Information on Untested Students	Yes
5. Statewide Teacher Identifier with a Teacher-Student Match	Yes
6. Student-Level Course Completion (Transcript) Data	Yes
7. Student-Level SAT, ACT, and Advanced Placement Exam Data	Yes
8. Student-Level Graduation and Dropout Data	Yes

cc

9. Ability to Match Student-Level P-12 and Higher Education Data	No
10. State Data Audit System	No

- Improving Standards Assurance

Puerto Rico's data is not included in Achieve's 2009 report on "Closing the Expectations Gap". Therefore, we are enclosing Puerto Rico's answers for the Achieve key survey results as outlined in the Achieve website.

Key Survey Result Area	Status for Puerto Rico
1. Align High School Standards with the Expectations of College and the Workplace	The Content Standards and Grade Level Expectations approved in 2007 by the PR Department of Education (PRDE) are aligned with NAEP standards as well as professional national organizations practices and College Board requirements. This will help prepare Puerto Rican students to enter college or the workforce.
2. Align High School Graduation Requirements with College and Career-Ready Expectations	Approximately 80% of Puerto Rican students pursue a college education or enter directly into the workforce. The Content Standards and Grade Level Expectations of 2007 are aligned with the needs of these students.
3. Develop College and Career-Ready Assessment Systems	In an effort to develop a college and career ready assessment system, the PRDE administered in 2008 the College Board's CEPA to all 8 th grade students. The CEPA assesses the student's academic aptitude content areas, and career interest. This data is currently used by guidance counselors to guide students planning for high school and post-secondary placement. In addition, since 2006 Public Law 263 mandates vocational evaluations to identify occupational and career interests of students in the special education program.
4. Develop P-20 Longitudinal Data Systems	Since 2006, the PRDE has registered all students in the student information system through an individual identification number. This will allow the PRDE to track each student's educational progress within the PRDE.
5. Develop Accountability and Reporting Systems that Promote College and Career Readiness	PRDE is in the early development stages of a College and Career Ready Assessment System (CCRAS) as stated in Key Survey Result Area #3. Once the CCRAS is fully developed, PRDE will work to incorporate CCRAS results into its current Accountability and Reporting Process.

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

1. 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 in the Commonwealth of Puerto Rico is determined annually according to the fiscal requirements of the single LEA on the island, the PRDE. Each year, the PRDE prepares a preliminary needs-based budget, which is presented to the Puerto Rico Office of Management and Budget (OGP, for its Spanish acronym). The OGP adjusts the PRDE's preliminary budget according to the State's revenue forecast and submits it to the Puerto Rico Legislature for approval. The Legislature's Joint Resolution for the State's General Budget, including the education allocation, is then approved by the Governor of Puerto Rico. The FY 2009 level of State support included in this application was extracted from the latest Joint Resolution for the State's General Fund.

The State's contribution to the PRDE (excluding expected SFSF funding) for FY 2010 and FY 2011 is expected to be approximately 15% less than required, due to lower State revenues and in response to fiscal control directives issued by the Governor through Executive Order #OE-2009-001.

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

The level of State support for the University of Puerto Rico is determined through a financing formula outlined in the PR Law Number 2 of January 20th, 1966. This law stipulates that the University of Puerto Rico receives 9.60% of the yearly average State revenues contained in the State's General Fund over the previous two fiscal years. An important part of these revenues are the proceeds related to the gaming industry in Puerto Rico. However, State revenues for this formula exclude Puerto Rico sales tax contributions, as delineated in PR Law Number 7 of March 9th, 2009.

The expected shortfall in 2010 and 2011 was calculated based on the lowered State revenue stream (including the gaming sector) projections from the PR Department of the Treasury and the OGP for those two fiscal years.

The level of State support for the other public IHEs in the Commonwealth of Puerto Rico is determined annually according to the fiscal requirements of each institution (except for the Carlos F. Daniels Area Vocational School and the Instituto Tecnológico de Puerto Rico, which are part of the PRDE and are therefore incorporated in the PRDE's budgeting process). Each year, each institution prepares a preliminary needs-based budget, which is presented to the Puerto Rico Office of Management and Budget (OGP, for its Spanish acronym). The OGP adjusts the institution's preliminary budget according to the State's revenue forecast and submits it to the Puerto Rico Legislature for approval. The Legislature's Joint Resolution for the State's General Budget, including the education allocation, is then approved by the Governor of Puerto Rico. The FY 2009 level of State

support included in this application was extracted from the latest Joint Resolution for the State's General Fund.

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

1. 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.

Puerto Rico does not apply a primary elementary and secondary education funding formula, since its single LEA receives State support through a needs-based budgetary process.

Funded categories include:

- *Payroll*
- *Facilities and Utilities*
- *Purchased Services*
- *Grants, Subsidies and Distributions*
- *Transportation*
- *Professional Services*
- *Equipment Purchase*
- *Federal Fund Matching*
- *Materials*
- *Media*
- *Capital Improvements*

2. 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.

As stated in Part 4 – Section C, the University of Puerto Rico receives State funding through a formula (percentage of State General Fund). The 2010 and 2011 State level of support for the University were calculated based on the lowered State revenue forecasts issued on February 11th, 2009 by the Puerto Rico Department of the Treasury (for both regular and gaming-related revenue streams). The expected shortfalls also incorporate the lowered revenue base for the University's funding formula, due to the exclusion of sales tax related revenues as dictated by Puerto Rico law.

For the other public IHEs directly funded by the state, the information was gathered from the State General Fund's budget documentation. For those public IHEs funded through the PR Department of Education (the Carlos F. Daniels Area Vocational School and the Instituto Tecnológico de Puerto Rico), the information was gathered from the agency's detailed budget which includes a budget per school.

3. 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.

As previously stated, the University of Puerto Rico receives state funding through a formula. All other public IHEs on the island receive needs-based funding on an annual basis from the state. Therefore, Puerto Rico expects to allocate restoration amounts to these institutions based on their share of the total shortfall for public IHEs on the island.

The expected distribution is presented below:

	Total	Single LEA (PRDE)	Total Public IHEs	UPR	PR Conservatory of Music	Escuela de Artes Plásticas	Colegio Universitario de San Juan	Carlos F. Daniels Area Vocational School	Instituto Tecnológico de PR.
2009									
FY09 Baseline LSS	\$3,310,166,156.00	\$2,459,302,000.00	\$850,864,156.00	\$835,000,000.00	\$5,372,000.00	\$3,382,000.00	\$0.00	\$1,436,156.00	\$5,674,000.00
FY09 LSS w/o SFSF	\$3,310,166,156.00	\$2,459,302,000.00	\$850,864,156.00	\$835,000,000.00	\$5,372,000.00	\$3,382,000.00	\$0.00	\$1,436,156.00	\$5,674,000.00
FY09 Shortfall	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FY09 SFSF Allocation According to our Calculation		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Leftover for 2010	\$529,741,859.00								
2010									
FY10 Baseline LSS	\$2,310,861,176.00	\$2,459,302,000.00	\$850,864,156.00	\$835,000,000.00	\$5,372,000.00	\$3,382,000.00	\$0.00	\$1,436,156.00	\$5,674,000.00
FY10 LSS w/o SFSF	\$2,310,861,176.00	\$2,100,000,000.00	\$743,483,156.00	\$730,000,000.00	\$3,789,000.00	\$2,584,000.00	\$0.00	\$1,436,156.00	\$5,674,000.00
FY10 Shortfall	\$486,683,000.00	\$359,302,000.00	\$107,381,000.00	\$105,000,000.00	\$1,583,000.00	\$798,000.00	\$0.00	\$0.00	\$0.00
FY10 SFSF Allocation According to our Calculation		\$359,302,000.00	\$107,381,000.00	\$105,000,000.00	\$1,583,000.00	\$798,000.00	\$0.00	\$0.00	\$0.00
Leftover for 2011	\$459,958,359.00								