# 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):<br>Philip N. Bredesen | Applicant's Mailing Address:<br><br>Tennessee State Capitol<br>Nashville, TN 37243 |
| State Contact for the Education Stabilization Fund (CFDA No. 84.394)<br><br>Name: Mike Morrow<br><br>Position and Office: Deputy Commissioner, Department of Finance and Administration and Director, Office of Tennessee Recovery Act Management<br><br>Contact's Mailing Address:<br>312 Rosa L. Parks Avenue, 13th Floor<br>Nashville, TN 37243<br><br>Telephone: 615-253-7752<br>Fax: 615-253-8965<br>E-mail address: mike.morrow@tn.gov | State Contact for the Government Services Fund (CFDA No. 84.397)<br>*(Enter "same" if the same individual will serve as the contact for both the Education Stabilization Fund and the Government Services Fund.)*<br>Name:<br><br>Position and Office: same<br><br>Contact's Mailing Address:<br><br>Telephone:<br>Fax:<br>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):<br>Phil Bredesen | Telephone:<br>615-741-2001 and<br>615-253-7702 |
| Signature of Governor or Authorized Representative of the Governor:<br>Philip N Bredesen | Date:<br>5/13/09 |

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

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

| | |
|---|---|
| Chief State School Officer (Printed Name):<br>Timothy K. Webb | Telephone:<br>615-741-8457 |
| Signature of the Chief State School Officer:<br>Timothy K. Webb | Date:<br>5/13/09 |

Form Approved OMB Number: 1810-0690; Expiration Date: 9/30/2009

## STATE FISCAL STABILIZATION FUND APPLICATION

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

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| Legal Name of Applicant (Office of the Governor):<br>Philip N. Bredesen | Applicant's Mailing Address:<br><br>Tennessee State Capitol<br>Nashville, TN 37243 |
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To the best of my knowledge and belief, all of the information and data in this application are true and correct.

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| Governor or Authorized Representative of the Governor (Printed Name):<br>Phil Bredesen | Telephone:<br>615-741-2001 and<br>615-253-7702 |
| Signature of Governor or Authorized Representative of the Governor:<br>Phil Bredesen | Date:<br>5/12/09 |

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

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

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| Chief State School Officer (Printed Name):<br>Timothy K. Webb | Telephone:<br>615-741-8457 |
| Signature of the Chief State School Officer:<br>Timothy K Webb | Date:<br>5/4/09 |

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): Phil Bredesen | |
|---|---|
| Signature: Phil Bredesen | Date: 5/12/09 |

## 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):*

___X__ Achieving Equity in Teacher Distribution Assurance.

___X__ Improving Collection and Use of Data Assurance.

___X__ Improving Standards Assurance.

___X*_ Supporting Struggling Schools Assurance.
**Please see attachment for Tennessee's submission of current baseline data*

| Governor or Authorized Representative of the Governor (Printed Name): Phil Bredesen | |
|---|---|
| Signature: Phil Bredesen | Date: 5/13/09 |

## 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): Phil Bredesen | |
|---|---|
| Signature: Phil Bredesen | Date: 5/12/09 |

## 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): | |
|---|---|
| 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** | **$ 2,934,095,795** |
| **FY 2009*** | **$ 3,581,382,700** |
| **FY 2010*** | **$ 3,457,055,100** |
| **FY 2011*** | **Data is not currently available** |

(* 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** | **$ 1,110,882,966** |
| **FY 2009*** | **$ 1,193,641,100** |
| **FY 2010*** | **$ 1,110,883,000** |
| **FY 2011*** | **Data is not currently available** |

(* 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.

## 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 | $ 3,478,347,000 |
| (b) Level of State support for public IHEs in FY 2008 | $ 1,293,975,900 |
| (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 | $ 3,581,382,700 |
| (d) Level of State support for public IHEs in FY 2009 | $ 1,193,641,100 |
| (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 | |
| FY 2010 Recommended Budget | $ 3,457,055,100 |
| FY 2010 Automatic Formula Increase | $ 3,611,455,100 |
| (f) Level of State support for public IHEs in FY 2010 | $ 1,110,883,000 |

JMM 5-13-09

**Additional Information:** Did the State, prior to October 1, 2008, approve formula increases to support elementary and secondary education in FY 2010 or 2011, or to phase in State equity and adequacy adjustments?*

X 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 | $ 100,334,800 |

**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 | $ 154,400,000 |
| (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 | $ 183,092,900 |
| (e) Amount of funds, if any, remaining after restoring State support for elementary, secondary, and postsecondary education in FY 2009 and FY 2010 | $ 337,307,336 |

**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**

| Category | Estimated Percentage of Funds to Be Used |
|---|---|
| Public Safety | 0% |
| Elementary and secondary education (excluding modernization, renovation, or repair of public school facilities) | 65.74% |
| Public IHEs (excluding modernization, renovation, or repair of IHEs) | 0% |
| Modernization, renovation, or repair of public school facilities | 0% |
| Modernization, renovation, or repair of IHEs | 0% |
| Medicaid | 7.33% |
| Public assistance | 0% |
| Transportation | 0% |
| Other (please describe) Children's Services (23.01%); Health (3.92%) | 26.93% |
| Undetermined | 0% |
| 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): Phil Bredesen | |
|---|---|
| Signature: Phil Bredesen | Date: 5/12/09 |

## 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): Phil Bredesen | |
|---|---|
| Signature: Phil Bredesen | Date: 5/12/09 |

# State of Tennessee

## Application for Initial Funding
## under the
## State Fiscal Stabilization Fund Program

## Attachments to the Application

**Part 3: Initial Baseline Data for Education Reform Assurances**

**Supporting Struggling Schools Assurance**

The preliminary data reflecting the number of schools in improvement, corrective action, and restructuring presented on the State Fiscal Stabilization Fund webpage (http://www.ed.gov/programs/statestabilization/schooldata.pdf) includes an error for Tennessee. In the preliminary data, eight schools were classified as State/LEA Reconstitution Plan and appeared in the "0-No Classification" category. These schools have been reclassified to the "Restructuring (Implementation)" category in conformance with USED school improvement reporting categories. The correct data appear in the table below:

**Number of Schools in Improvement, Corrective Action, and Restructuring (TN)**
SY 2008-09 based on SY 2007-08 Assessments reported in SY 2007-08 Consolidated State Performance Report (CSPR, Question 1.4.4.1, Title 1 Schools Identified for Improvement)

| 0- No Classification | School Improvement - Year 1 | School Improvement - Year 2 | Corrective Action | Restructuring (Planning) | Restructuring (Implementation) | Total |
|---|---|---|---|---|---|---|
| 0 | 29 | 14 | 14 | 8 | 12 | 77 |

**Part 4, Section C: Maintenance-of-Effort Baseline Data**

**3. Additional Submission Requirements:**

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

In determining the amount of State funding for fiscal year 2006, the actual expenditures made by the State to elementary and secondary education through the Basic Education Program (BEP) formula were used. This information was obtained from the State of Tennessee Statewide Accounting and Reporting System, Spending/Receipt Plan YTD Status Report, Accounting Date 06/30/06.

In determining the amount of funding for fiscal year 2009, the projected expenditures budgeted by the State for the BEP formula were used. This information was obtained from the State of Tennessee Statewide Accounting and Reporting System, Appropriation File. Funding for the BEP formula is located in allotment code 331.25 BEP and Other LEA Support. Also located in this allotment code is funding for Safe Schools. Funding for Safe Schools was excluded from the calculations.

In determining the amount of funding for fiscal year 2010, the projected expenditures budgeted by the State for the BEP formula were used. This information was obtained

from the State of Tennessee Budget Analysis System. Funding for Safe Schools was excluded from the calculations.

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

Tennessee's higher education structure consists of two governing boards – the University of Tennessee (UT) and the Tennessee Board of Regents (TBR) – that are coordinated through the Tennessee Higher Education Commission (THEC). All higher education institutions belong to one of these two governing boards. Title 49, Chapters 8 and 9 of the Tennessee Code establish TBR and UT respectively, which outlines responsibilities, structure and composition of each board. In addition, two other agencies participate in Tennessee's public higher education enterprise – the Tennessee Student Assistance Corporation (TSAC) which coordinates student financial aid programs and the Tennessee Foreign Language Institute (TFLI) which provides foreign language instruction.

Tennessee determined, for the purposes of calculating Maintenance-of-Effort baseline data and fiscal stabilization state support restoration amounts, its public institutions of higher education include every program belonging to the two higher education systems, except for the administrative offices for each system and the UT Research Initiatives program. Also included in the calculations are any appropriations made to THEC that are then distributed to UT or TBR for programs that directly support instruction and related education and general activities. In Tennessee this would include both the Centers of Excellence and Emphasis, which support institutionally distinctive disciplinary areas. State support in 2005-06 included funds for the Geier Desegregation Settlement, a 1968 lawsuit that was dismissed in September of 2006. Funding for that program is now included in the Access and Diversity Initiatives in each system and provides support for a wide array of institutional activities to increase diversity. These activities include student and faculty recruitment and new program development.

The above definition is consistent with guidance, specific to Tennessee, received during a telephone conversation Tennessee Division of Budget staff members had with staff members of the U.S. Department of Education on April 14, 2009.

In determining the amount of State funding for fiscal year 2006, the actual expenditures made by the State to public institutions of higher education were used. This information was obtained from the State of Tennessee Statewide Accounting and Reporting System, Schedule of Current Year Allotments and Expenditures, Accounting Date 06/30/06.

In determining the amount of funding for fiscal year 2009, the projected expenditures budgeted by the State for public institutions of higher education were used. This information was obtained from the State of Tennessee Statewide Accounting and Reporting System, Appropriation File.

In determining the amount of funding for fiscal year 2010, the projected expenditures budgeted by the State for public institutions of higher education were used. This information was obtained from the State of Tennessee Budget Analysis System.

All amounts exclude expenditures from tuition and fees, for capital projects, and for research and development.

**Part 5, Section A: State Uses of the Education Stabilization Fund**

**2. State's Primary Education Funding Formula**
**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.

The Basic Education Program (BEP) is the primary funding formula through which state education dollars are generated and distributed to Tennessee local education agencies. It is administered pursuant to the provisions of the Education Improvement Act (Public Chapter 535 of the Tennessee Public Acts of 1992) and Public Chapter 369 of the Tennessee Public Acts of 2007.

The most recent enactment of BEP formula changes went into effect July 1, 2008 under the State of Tennessee Public Acts of 2008, Chapter 1203, Section 11, Item 1.

The Tennessee Basic Education Program, BEP 2.0, 2008-09 Blue Book (http://tennessee.gov/sbe/BEP/BEP%20Booklet%20FY09%20FINAL.pdf ) details the formula component levels used in the formula for FY 2009 and FY 2010.

In determining the amount of State funding for fiscal year 2008, the actual expenditures made by the State to elementary and secondary education through the Basic Education Program (BEP) formula were used. This information was obtained from the State of Tennessee Statewide Accounting and Reporting System, Spending/Receipt Plan YTD Status Report, Accounting Date 06/30/08.

Other data sources are the same as those provided under Maintenance-of-Effort Baseline Data.

**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.

In determining the amount of State funding for fiscal year 2008, the actual expenditures made by the State to public institutions of higher education were used. This information was obtained from the State of Tennessee Statewide Accounting and

Reporting System, Schedule of Current Year Allotments and Expenditures, Accounting Date 06/30/08.

Other data sources are the same as those provided under Maintenance-of-Effort Baseline Data.

**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 State of Tennessee intends to distribute the funds in the following manner:

FY 2009: Restore each institution to its FY 2009 Work Program amount (before allotment reserves were set aside.) From the remaining funds, each institution will receive an equal proportion of the funds relative to fiscal year 2008 recurring appropriations.

FY 2010: Restore each institution to its FY 2010 level before base reductions were implemented. From the remaining funds, each institution will receive an equal proportion of the funds relative to fiscal year 2008 recurring appropriations.

FY 2011: will be distributed in the same manner as FY 2010.

**Additional Attachments:**

Two additional charts have been provided that represent summaries of the calculations.

**Additional Information:**

For more information on Tennessee's fiscal year 2010 proposed budget, please see http://www.state.tn.us/finance/bud/bud0910/0910Document.pdf.

State Primary Education Funding Formula
Funding Requirement Calculations

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BEP State Appropriations
ARRA Stabilization Fund

| | FY 2005-2006 Actuals | FY 2007-2008 Actuals | FY 2008-2009 Allotment | FY 2010 Formula Full Funding | FY 2009-2010 Base | FY 2010 SFSF<br>FY10 Full Funding less FY10 Base |
|---|---|---|---|---|---|---|
| 331.25 Basic Education Program | 2,934,095,795 | 3,478,347,000 | 3,581,382,700 | 3,611,455,100 | 3,457,055,100 | 154,400,000 |

Formula Full Funding amount includes approved formula increases and adjustments that were enacted prior to October 1, 2008.

Public Institutions of Higher Education
Funding Requirement Calculations

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Higher Education State Appropriations
ARRA Stabilization Fund

| | | | FY 2009 | | FY 2010 | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | MOE Requirement / Stabilization Calculations | | |
| | FY 2005-2006 Actuals | FY 2007-2008 Actuals | Allotment | Stabilization Funds Calculation | FY 2009-2010 Base | FY 2010 MOE | Total State Support FY 2010 | FY 2010 SFSF |
| Grand Total | $ 1,110,882,966 | $ 1,293,975,900 | $ 1,193,641,100 | $ 100,334,800 | $ 1,042,089,400 | $ 68,793,600 | $ 1,110,883,000 | $ 183,092,900 |
| Sub-Total UT System | 435,369,200 | 503,844,700 | 470,646,900 | 33,197,800 | 417,595,500 | 17,773,700 | 435,369,200 | 68,475,500 |
| Sub-Total Board of Regents System | 646,295,400 | 769,066,100 | 702,424,800 | 66,641,300 | 605,057,000 | 41,238,400 | 646,295,400 | 122,770,700 |
| [1] Sub-Total State Administered Programs | 29,218,366 | 21,065,100 | 20,119,400 | 945,700 | 18,986,900 | 10,231,500 | 29,218,400 | (8,153,300) |
| [2] Sub-Total Miscellaneous Appropriations | - | - | 450,000 | (450,000) | 450,000 | (450,000) | - | - |

1 An amount of $1,960,900 was excluded from FY 2007-08 Actuals for Geier Desegregation Settlement. These funds were from a reserve account that was established 7/1/01. No fiscal year 2008 tax efforts were in support of these expenditures.

2 An amount is appropriated in 351.00 Miscellaneous Appropriations to reimburse public higher education institutions and programs for payment of the professional privilege tax on behalf of employees who are subject to the tax. Funds are transferred to the individual institutions at the end of the fiscal year.