



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

July 1, 2009

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW, #7E-247
Washington, D.C. 20202

Dear Secretary Duncan:

Enclosed is the State of Texas' application for State Fiscal Stabilization Funds (SFSF) as required by federal law.

After a great deal of review and hard work, Texas leaders determined that federal rules pertaining to SFSF do not commit Texas to future revenue or spending obligations. Additionally, in our recently concluded legislative session, Texas lawmakers appropriated SFSF to help significantly increase public school funding and funding for other important government programs.

Here in Texas, public school funding and student performance is a top priority. I am pleased to report that from 2002 to 2010, overall Texas public education funding has increased from \$24 billion to nearly \$40 billion, a 66 percent increase, with the state's share of funding increasing from \$10 billion to nearly \$18 billion, an 80 percent increase.

As you may know, Texas public schools are funded through a combination of state appropriations and local ad valorem taxes. This state and local system is somewhat complex and fluid but simply put, as local property values rise, school districts' share of funding increases and the state's share of funding declines. The current Texas school finance system, which was overwhelmingly passed by lawmakers of both parties, provides equity while maintaining a solid balance of local governance and control with strong state standards and accountability.

During the most recent legislative session, lawmakers passed and I signed House Bill 3646, a bill that increases state funding for public schools by modifying the state's primary school finance formulas. The bill guarantees each school a minimum annual increase of \$120 per student in weighted average daily attendance.

The Honorable Arne Duncan
July 1, 2009
Page 2

State lawmakers appropriated SFSF, along with more than \$30 billion of state funds, to finance the formula changes of HB 3646. All money awarded through these formulas (including SFSF) must be spent in accordance with state requirements, which include an \$800 teacher and school district employee pay raise. No SFSF were appropriated or allocated for state Fiscal Year 2009, as lawmakers had previously fully funded public schools for the 2008-2009 biennium.

State leaders are confident that the allocation of SFSF are consistent with the American Recovery and Reinvestment Act.

Our school districts are currently finalizing budgets for the upcoming school year and will shortly begin signing employment contracts with their teachers. Therefore, I would appreciate the quickest possible approval or feedback on this application.

Sincerely

A handwritten signature in black ink that reads "Rick Perry". The signature is written in a cursive, slightly slanted style. The first letter "R" is large and loops around the "ick". The "Perry" part is also cursive, with a long horizontal stroke at the end.

Rick Perry
Governor

RP:khp

Enclosure

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):

Rick Perry

Signature:

RICK PERRY

Date:

July 1, 2009