



American Reinvestment & Recovery Act

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Proposed State Uses of Stabilization Funding

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Updated On: June 16, 2009

As of May 29, 30 states and Puerto Rico have had their preliminary [applications](#) for the American Reinvestment & Recovery Act's (ARRA) State Fiscal Stabilization Funding (FSF) approved by the United States Department of Education (US DOE). These 31 states now are eligible to receive the first installment of their FSF funding. This preliminary application required state authorities to provide budgeting and spending data, including the following:

1. An assurance that the state will fund both K-12 schools and state institutions of higher education at or above fiscal year (FY) 2005-06 levels
2. Identification of how much of their Education Stabilization Funds (81% of total FSF funding) they plan to expend in FY 2008-09, FY 2009-10 and FY 2010-11
3. An outline of how they plan to expend their Government Services Funds (19% of total FSF funding).

Front Loading of Funds

States are allowed to use Education Stabilization Funding starting this fiscal year (FY 2008-09) through fall 2011. The expectation was that states would spend some of their funds to finish out this fiscal year but would use the bulk of funds in FY 2009-10 and FY 2010-11. However, these first 31 approved applications show that there is a trend to front-loaded spending. On average, these applicants plan on spending 36% of their Educational Stabilization Funds to complete FY 2008-09 and are planning on spending 53% of funds on FY 2009-10. This leaves **only 11% of funds available for FY 2010-11**. In fact, 14 states submitted applications that show that they will have no Education Stabilization Funds available for FY 2010-11. (See Appendix I for a state-by-state summary of their planned use of education stabilization funds).

State Plans vs. Actual Spending

It is possible that state plans outlined in the approved application for stabilization funds could deviate from actual state spending. For example, the approved application for Oregon stated that the state would spend \$282 million in stabilization funds on K-12 education during FY 2008-09. However, the state's approved budget only allocated \$115 million in stabilization funds for FY 2008-09. This sizable difference in "planned" vs. "actual" expenditures also might be accruing in other states. For this reason, the budgeting data listed in these applications should be taken with a grain of salt.

Splitting Education Funds

Over the past three years, states have spent on average 76.9% of education funding on K-12 programs and 23.1% on higher education.¹ While the average expenditures from the 31 approved applications hews close to traditional expenditures (80% on K-12 and 20% to higher education), each of the 30 states and Puerto Rico planned expenditures varies greatly. Both Connecticut and Wisconsin's plans expend 100% of stabilization funds on K-12 education and 0% on higher education, while Colorado's plan spends 66.5% of its funding on higher education institutions. For a full breakdown of state-by-state expenditures see Appendix II.

State Variation on Planned Expenditures of Government Service Funds

The Federal application form requires states to identify where they intend to spend their share of the Government Services Funds (approximately \$8.8 billion) from the ARRA Stabilization Fund. States were required to estimate the percentage of their Government Service Fund expenditures in nine different categories — or to state that their expenditures are “Undetermined.” Below is a chart that lists current state expenditure plans. These numbers should be treated with a grain of salt — first, because states could change their spending plans and second, because these categories provide little guidance about where the funds really will be spent. For instance, a state might use “Public Safety” funds on new prisons, to hire more police or firemen, or even on such things as disaster preparedness. To review each of the state's plans for the use of their government service funds, see Appendix III.

Where Are the Rest of the States?

While the original assumption was that every state would turn in its ARRA application at the earliest possible opportunity, it has been over two months since states received their applications and only 31 applications have been approved so far. That leaves 20 states and the District of Columbia that have yet to be approved for stabilization funding. It appears that many states are waiting to pass their budgets before they return their applications to the U.S. DOE. With a July 1 deadline for states to submit their applications, we should see a large influx of approved applications soon.

NOTE:

The Education Commission of the States will continue to update this information as additional states have their applications approved.

ECS members can access the full data set from state ARRA Stabilization Fund applications by contacting Michael Griffith at ECS (mgriffith@ecs.org).

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Equipping Education Leaders, Advancing Ideas

¹ Information derived from calculations by Education Commission of the States using data from *State Budget Actions: FY 2007 & FY2008*, National Conference of State Legislatures.

Appendix I

State Plans for the Use of Educational Stabilization Funds

	Expended in FY 2008-09	Expended in FY 2009-10	Available for FY 2010-11
Arizona	52.0%	48.0%	0.0%
California	63.6%	36.4%	0.0%
Colorado	24.2%	48.7%	27.1%
Connecticut	0.0%	60.8%	39.2%
Florida	66.0%	34.0%	0.0%
Georgia	62.3%	37.7%	0.0%
Idaho	0.0%	100.0%	0.0%
Illinois	61.8%	38.2%	0.0%
Indiana	75.7%	6.5%	17.8%
Iowa	10.4%	83.1%	6.6%
Kansas	5.4%	85.7%	8.9%
Maine	28.4%	68.6%	3.0%
Maryland	0.0%	41.3%	58.7%
Massachusetts	46.2%	40.2%	13.6%
Michigan	32.9%	67.1%	0.0%
Minnesota	4.6%	78.8%	16.6%
Mississippi	18.4%	29.4%	52.2%
Nevada	43.0%	57.0%	0.0%
New Jersey	10.7%	89.3%	0.0%
New York	0.0%	98.2%	1.8%
North Carolina	10.9%	62.1%	27.0%
Ohio	0.0%	48.4%	51.6%
Oregon*	83.6%	16.4%	0.0%
Rhode Island	50.3%	49.7%	0.0%
South Dakota	31.0%	36.5%	32.5%
Tennessee	12.9%	43.5%	43.5%
Utah	51.4%	48.6%	0.0%
Virginia	21.2%	78.8%	0.0%
Washington	44.1%	55.9%	0.0%
Wisconsin	40.6%	37.5%	21.9%
Puerto Rico	0.0%	88.1%	11.9%
National	36.0%	53.0%	11.0%

* The approved application for Oregon asserted that the state would spend \$282 million in stabilization funds on K-12 education and \$108 million on higher ed. during FY 2008-09. However, the state's approved budget allocated only \$115 million in stabilization funds for K-12 and \$56 million for higher ed. in FY 2008-09. The state's approved budget only expend 36.7% of its education stabilization funds in FY 2008-09, leaving 16.4% to be expended in 2009-10, and 47% of funds for available for FY 2010-11.

Appendix II

State Education Stabilization Funds Expenditures For Both FY 2008-09 and 2009-10

	Expended on K-12	Expended on Higher Ed.
Arizona	56.9%	43.1%
California	75.4%	24.6%
Colorado	33.5%	66.5%
Connecticut	100.0%	0.0%
Florida	79.2%	21.8%
Georgia	73.5%	26.5%
Idaho	88.9%	11.1%
Illinois	97.6%	2.4%
Indiana	85.6%	14.4%
Iowa	71.4%	28.6%
Kansas	75.1%	24.9%
Maine	81.1%	18.9%
Maryland	100%	0%
Massachusetts	69.8%	30.2%
Michigan	94.8%	5.2%
Minnesota	62.0%	38.0%
Mississippi	79.1%	20.9%
Nevada	64.6%	35.4%
New Jersey	93.5%	6.5%
New York	96.6%	3.4%
North Carolina	85.0%	15.0%
Ohio	56.4%	43.6%
Oregon	74.0%	26.0%
Rhode Island	76.1%	23.9%
South Dakota	66.4%	33.6%
Tennessee	35.3%	64.7%
Utah	71.3%	28.7%
Virginia	66.9%	33.1%
Washington	87.7%	12.3%
Wisconsin	100.0%	0.0%
Puerto Rico	77.0%	23.0%
National	80.1%	19.9%

Appendix III

Planned Expenditures of State Government Services Funds

	Public Safety	K-12	Higher Ed	K-12 Facilities	Higher Ed. Facilities	Medicaid	Public Asst.	Trans.	Other	Undetermined
Arizona									100%	
California	100%									
Colorado		7%	0.4%						51%	42%
Connecticut		97%							3%	
Florida										100%
Georgia	100%									
Idaho		7%						39%	33%	21%
Illinois		79%	21%							
Indiana										100%
Iowa	17%		3%			15%	32%	6%	1%	26%
Kansas	100%									
Maine										100%
Maryland	57%		39%				4%			
Massachusetts	11%	50%								39%
Michigan										100%
Minnesota		48%	42%	5%	5%					
Mississippi			34%			10%			56%	
Nevada										100%
New Jersey		16%	1%							83%
New York		20%	4%						76%	
North Carolina	100%									
Ohio	12%		59%				7%	1%	22%	
Oregon										100%
Rhode Island	100%									
South Dakota	100%									
Tennessee	66%					7%			27%	
Utah									76%	24%
Virginia	1%				3%				46%	50%
Washington	100%									
Wisconsin	40%	46%							13%	1%
Puerto Rico	26%	59%							14%	

Not all rows will total 100% due to rounding.