



## American Reinvestment & Recovery Act

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### Proposed State Uses of Stabilization Funding

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As of November 25th all 50 states, the District of Columbia 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 52 applicants 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 in FY 2008-09 and running 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 52 approved applicants show that there is a trend to front-loaded spending. On average, these applicants spent 37% of their Educational Stabilization Funds to complete FY 2008-09 and are planning on spending 48.8% of funds on FY 2009-10. This leaves **only 14.2% of funds available for FY 2010-11**. In fact, 20 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 expend \$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.<sup>1</sup> While the average expenditures from the approved applications hew close to traditional expenditures (77.0% on K-12 and 23.0% to higher education), each of the approved applications varies greatly. Both Connecticut's 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." Appendix I (see following page) 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.

## Moving On to the Second Round

The United States Department of Education has issued the [reporting rules for the second round of Stimulus Funding](#). Second round applications, which are due on January 11<sup>th</sup>, will need to contain greater detail about timing of expenditures and how these funds will be used to improve student learning in the state. The Education Commission of the States will continue to update this information as states begin to submit their second-round applications.

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

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<sup>1</sup> 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	Budgeted for FY 2009-10	Available for FY 2010-11
Alabama	100.0%	0.0%	0.0%
Alaska	0.0%	0.0%	100.0%
Arizona	52.0%	48.0%	0.0%
Arkansas	7.5%	0.0%	92.5%
California	100.0%	0.0%	0.0%
Colorado	24.2%	48.7%	27.1%
Connecticut	0.0%	60.8%	39.2%
Delaware	0.0%	61.0%	39.0%
District of Columbia	25.4%	1.0%	73.6%
Florida	66.0%	34.0%	0.0%
Georgia	76.4%	23.6%	0.0%
Hawaii	0.0%	100.0%	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%
Kentucky	0.0%	55.0%	45.0%
Louisiana	2.4%	73.6%	24.0%
Maine	28.4%	68.6%	3.0%
Maryland	0.0%	41.3%	58.7%
Massachusetts	46.2%	41.3%	12.5%
Michigan	32.9%	67.1%	0.0%
Minnesota	4.6%	95.4%	0.0%
Mississippi	17.5%	76.9%	5.6%
Missouri	0.0%	74.9%	25.1%

	Expended in FY 2008-09	Budgeted for FY 2009-10	Available for FY 2010-11
Montana	0.0%	45.3%	54.7%
Nebraska	0.0%	40.0%	60.0%
Nevada	43.0%	57.0%	0.0%
New Hampshire	0.0%	51.2%	48.8%
New Jersey	10.7%	89.3%	0.0%
New Mexico	0.0%	64.9%	35.1%
New York	0.0%	98.2%	1.8%
North Carolina	23.7%	32.7%	43.6%
North Dakota	0.0%	100.0%	0.0%
Ohio	0.0%	48.4%	51.6%
Oklahoma	0.0%	53.0%	47.0%
Oregon*	83.6%	16.4%	0.0%
Pennsylvania	4.0%	48.0%	48.0%
Rhode Island	50.3%	49.7%	0.0%
South Carolina	94.5%	5.5%	0.0%
South Dakota	31.0%	36.5%	32.5%
Tennessee	12.9%	43.5%	43.5%
Texas	16.3%	79.8%	3.9%
Utah	75.4%	24.6%	0.0%
Vermont	0.0%	50.0%	50.0%
Virginia	21.2%	78.8%	0.0%
Washington	44.1%	55.9%	0.0%
West Virginia	0.0%	15.1%	84.9%
Wisconsin	77.0%	23.0%	0.0%
Wyoming	0.0%	12.4%	87.6%
Puerto Rico	0.0%	88.1%	11.9%
<b>National</b>	<b>36.8%</b>	<b>49.1%</b>	<b>14.2%</b>

\* See "State Plans vs. Actual Spending" for a description of the difference between the information contained in Oregon's application and their actual budget.

## **Appendix II**

### **State Education Stabilization Funds Commitments For Both FY 2008-09 and 2009-10**

	Committed to K-12	Committed to Higher Ed.
Alabama	60.2%	39.8%
Alaska	See Note	See Note
Arizona	56.9%	43.1%
Arkansas	0.0%	100.0%
California	66.5%	33.5%
Colorado	33.5%	66.5%
Connecticut	100.0%	0.0%
Delaware	76.4%	23.6%
District of Columbia	92.7%	7.3%
Florida	79.2%	21.8%
Georgia	72.5%	27.5%
Hawaii	70.3%	29.7%
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%
Kentucky	76.1%	23.9%
Louisiana	21.5%	78.5%
Maine	81.1%	18.9%
Maryland	100%	0%
Massachusetts	68.8%	31.2%
Michigan	94.8%	5.2%
Minnesota	74.9%	25.1%
Mississippi	78.8%	21.2%
Missouri	81.4%	18.6%

	Committed to K-12	Committed to Higher Ed.
Montana	46.0%	54.0%
Nebraska	100.0%	0.0%
Nevada	64.6%	35.4%
New Hampshire	95.1%	4.9%
New Jersey	93.5%	6.5%
New Mexico	97.7%	2.3%
New York	96.6%	3.4%
North Carolina	58.0%	42.0%
North Dakota	100.0%	0.0%
Ohio	56.4%	43.6%
Oklahoma	69.2%	30.8%
Oregon	74.0%	26.0%
Pennsylvania	80.8%	19.2%
Rhode Island	76.1%	23.9%
South Carolina	63.3%	36.7%
South Dakota	66.4%	33.6%
Tennessee	43.5%	56.5%
Texas	100.0%	0.0%
Utah	76.0%	24.0%
Vermont	100.0%	0.0%
Virginia	66.9%	33.1%
Washington	87.7%	12.3%
West Virginia	70.0%	30.0%
Wisconsin	100.0%	0.0%
Wyoming	0.0%	100.0%
Puerto Rico	77.0%	23.0%
<b>National</b>	<b>77.0%</b>	<b>23.0%</b>

Note: Alaska did not commit any of their stimulus funding in their first round application.

## 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
Alabama	89%								11%	
Alaska									100%	
Arizona									100%	
Arkansas	10%	6.6%	2.3%	16%	52.7%				7.6%	4.8%
California	100%									
Colorado		7%	0.4%						51%	42%
Connecticut		97%							3%	
Delaware						30%			70%	
Dist. of Columbia		20%							40%	40%
Florida										100%
Georgia	100%									
Hawaii		70%	30%							
Idaho		7%						39%	33%	21%
Illinois		79%	21%							
Indiana										100%
Iowa	17%		3%			15%	32%	6%	1%	26%
Kansas	100%									
Kentucky	100%									
Louisiana									100%	
Maine										100%
Maryland	57%		39%				4%			
Massachusetts	11%	50%								39%
Michigan										100%
Minnesota	25.6%		0.4%						74%	
Mississippi			28.5%						71.5%	
Missouri		35%	20%						26%	19%

	Public Safety	K-12	Higher Ed	K-12 Facilities	Higher Ed. Facilities	Medicaid	Public Asst.	Trans	Other	Undetermined
Montana	10%		67%				18%		5%	
Nebraska	100%									
Nevada										100%
New Hampshire									5.5%	94.5%
New Jersey	83%	16%	1%							
New Mexico							3%			97%
New York		20%	4%						76%	
North Carolina	94.7%	1.5%							2.0%	1.8%
North Dakota	7%	2%	3%		85%				4%	
Ohio	12%		59%				7%	1%	22%	
Oklahoma	6%	33%	29%	3%		9%	3%		17%	
Oregon										100%
Pennsylvania	99.7%								0.3%	
Rhode Island	100%									
South Carolina	73%	3%							24%	
South Dakota	100%									
Tennessee	33.3%	59.8%							2.6%	4.3%
Texas		50%	45%						5%	
Utah									76%	24%
Vermont	26%								24%	50%
Virginia	1%				3%				46%	50%
Washington	100%									
West Virginia		22%	1%	17%					60%	
Wisconsin	55.1%	44.9%								
Wyoming	100%									
Puerto Rico	26%	59%							14%	

Not all rows will total 100% due to rounding.



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