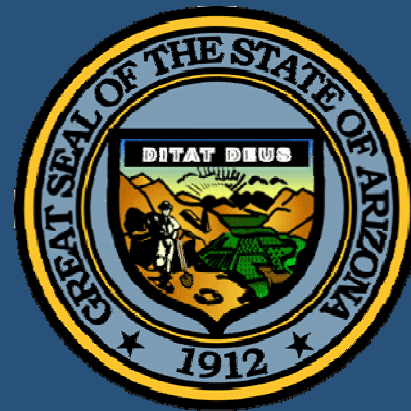


State Fiscal Stabilization Fund

Arizona Office of Economic Recovery
Janice K. Brewer, Governor



State Fiscal Stabilization Fund (SFSF)



Pursuant to the American Recovery and Reinvestment Act (ARRA) the U.S. Department of Education allocated \$1.017 billion to Arizona.

The SFSF has two components:

1) Education Stabilization Fund

Accounting for 82% of the SFSF (\$832M)

2) Government Services Fund

Accounting for 18% of the SFSF (\$185M)



SFSF Purposes

Education Stabilization Fund

The State must use this fund for the support of public elementary, secondary and higher education

Government Services Fund

The State may use this fund for education, public safety, or other government services solely at the discretion of the Governor

Two Phases of Education Stabilization Funding



Phase I:

2/3^{rds} of the SFSF is sent to the State following a relatively straight-forward initial application (\$557M)

Phase II:

Remaining 1/3rd will be distributed in the fall following a more detailed application (\$275M)

Education Stabilization Funding Allocation



- FY 2009: \$433 M
 - Universities: \$154 M
 - Community Colleges: \$29 M
 - K-12 Education: \$250 M
- FY 2010: \$399 M
 - Universities: \$146 M
 - Community Colleges: \$29 M
 - K-12 Education: \$224 M



Phase I, Step 1

Apply for funds

- Arizona has filed an application to become eligible for the first two-thirds of the SFSF
- The application requires a Maintenance of Effort (MOE) and Mandated Restoration calculation
 - Mandated Restoration for Higher Education: \$183M
 - An additional \$250M for K-12 Education was included in the FY 2009 budget fix



Phase I, Step 2

Establish the application process for local education agencies (school districts and charter schools) and institutes of higher education (universities and community colleges)

- Create the application
- Establish accounting, transparency and reporting methodologies



Phase I, Step 3

Evaluate applications

- The process used to evaluate the applications will be very straightforward with attention paid to accounting and oversight strategies

Phase I, Step 4



Allocate Funds

- Distribute funds to local education agencies and institutions of higher education
- Per ARRA legislation: The Governor shall allocate funds between K-12 and Higher Education in proportion to the relative shortfall in State support
- Inform recipients of reporting requirements including the information mandated for quarterly reports to the U.S. Department of Education



Phase II, Step 1

- Phase II's emphasis will be on education reform following ARRA mandates and guidance from the U.S. Department of Education
- The U.S. Department of Education will release the guidance and funding application for Phase II later this year

State Fiscal Stabilization Fund (SFSF)

EDUCATION STABILIZATION

Funds available in FY 09, 10, & 11 to offset education cuts to K-12 and higher education as well as progress along four reform criteria as stipulated in ARRA

\$433 Million

FY 2009

K-12
\$250 Million

Community Colleges
\$29 Million

Universities
\$154 Million

\$399 Million

FY 2010

Restore K-12 Funding
(greater of '08 or '09)

Restore Higher Education
(greater of '08 or '09)

Shortfall Clause:

The Governor shall allocate those funds between K-12 and Higher Education in proportion to the relative shortfall in State support.

Governor issues application for funds

\$1.017 Billion

\$832 Million

(82% SFSF)

OSPB

Office of
Economic
Recovery

\$185 Million

(18% SFSF)

GOVERNMENT SERVICES

Funds available for ARRA administration and other uses at the discretion of the Governor with certain restrictions and reporting requirements. Available for use in FY 2009, 10, & 11.

GENERAL STIPULATIONS

- The Governor must commit funds before September 30, 2011.
- For each year the state must provide reports regarding the uses, distribution, and effects of funds received among other requirements.
- 2/3 of total funds are distributed by the Department following the initial application (Phase I).
- 1/3 is distributed in FY 2010 after additional information including reform progress is received (Phase II).



For more information

Arizona Office of Economic Recovery

www.azrecovery.gov

American Recovery and Reinvestment Act

www.recovery.gov