



State of Arizona

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FOR IMMEDIATE RELEASE
May 22, 2009

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Governor Brewer Applies for State Fiscal Stabilization Funds

Application Reflects Governor's Commitment to Education

PHOENIX – Governor Jan Brewer today submitted the State of Arizona's application for the State Fiscal Stabilization Fund (SFSF) through the American Recovery and Reinvestment Act (ARRA) to the U.S. Department of Education.

"Since taking office, I have held the line on massive cuts to our education system," Governor Brewer stated. "And I intend to use my authority as Governor to maximize the use of federal stimulus funds to best help maintain and improve student achievement and state competitiveness. An important result of building a sustainable, comprehensive state budget can and must be a new focus on fiscal responsibility and economic growth. To do this, we need to protect education as much as possible from huge spending reductions."

Of the \$1.017 billion Arizona qualifies for from the SFSF (as designed by federal formula), 82% (\$832 million) is dedicated to the Education Stabilization Fund which is used to restore and maintain support as well as advance reform for elementary, secondary, and postsecondary education. The remaining 18% (\$185 million) is dedicated to the Government Services Fund, and will be allocated at the Governor's discretion as designed by federal law. Both the Education Stabilization Funds and the Government Services Funds must be committed before September 30, 2011.

The State is required by the federal government to provide assurances that it will advance four criteria for school improvement and reform:

- Achieving Equity in Teacher Distribution
- Improving Collection and Use of Data
- Improving State Academic Content and Student Achievement Standards
- Supporting Struggling Schools

The impacts of the federal stimulus funds on the state budget are substantial, but clearly are not large enough to overcome the more than \$3 billion state budget deficit. With the Governor's insistence that SFSF dollars be utilized sparingly to close the FY'09 budget shortfall (\$250 million for K-12, \$183 million for higher education), nearly \$400 million remains available in FY'10 to restore K-12 and higher education funding reductions.

The Governor has prioritized the uses of the smaller Government Services Fund for the following four areas: Education Reform; Health Care and Children's Programs; Public Safety; and Innovation, Technology, and Economic Development. The Governor will assign specific allocations to these categories as necessary at a later date.

"I remain committed to obtaining Arizona's share of the federal stimulus package," said Governor Brewer. "It is important that these funds be utilized to prevent massive layoffs of teachers, and help manage one of the worst fiscal disasters the State of Arizona has ever seen."

To date, thirteen states have been awarded State Fiscal Stabilization Funds from the federal government. The initial Arizona application qualifies the state for two-thirds of the total \$1.017 billion. The average approval time of the applications by the US Department of Education is within 9 days of receipt. The remaining one-third of SFSF is anticipated to be available at the end of September upon completion of a second application.

******The application and accompanying documents will be available on Governor Brewer's Office of Economic Recovery Website: www.azrecovery.gov*

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