

Federal Stimulus Funds Approved to Protect Education

The Governor signed House File 820 that appropriates \$680 million in American Recovery and Reinvestment Act federal funds intended to stabilize educational and government services. In all, Iowa expects to receive \$2.5 billion in federal stimulus funds, with most of these funds flowing through existing federal programs. Approximately \$831 million of the federal stimulus funds are tied to state budget allocations for stabilization purposes.

House File 820 expends \$680 million of the federal stimulus funds in the 2009 and 2010 fiscal year budgets. The largest share, \$363 million, goes toward education; health care receives \$290 million; and the remaining is util-

ized to stabilize other government services.

Protecting education (58%) and health and human service programs (24%) represents 82% of the state's total general fund spending. This year, the federal stimulus fund provided some temporary relief from steep reductions to these programs due to the current economic downturn.

K-12 school districts will receive \$40 million in federal stimulus money to prevent further reductions to school aid funding for the current school year budget. In the 2009-2010 school year, \$202.5 million in federal stimulus funds will be used to allow the school aid formula to fully fund the 4% growth promised to schools. K-12 schools will also continue

to receive funding for the state's share of the Instructional Support Program, through an allocation of \$13.1 million of federal stimulus funds.

Iowa's publicly funded higher education institutions also benefit from the federal stimulus funds. The state universities and special state schools will share \$80.3 million, which will maintain their funding at current year levels. Community colleges will receive \$25.6 million to maintain their current funding levels.

Maintaining funding at the higher education institutions should help minimize a spike in tuition increases.