

The economic stimulus package, state fiscal stabilization fund details.

The economic recovery bill creates a “**State Fiscal Stabilization Fund**” to help state and local governments avert budget cuts amid the growing state fiscal crisis. The Stabilization Fund provides two block grants for states —

\$39.5 billion grant earmarked for education

\$8.8 billion grant to help fund other key services.

Together, these provisions provide about \$48.3 billion in fiscal relief for state and local governments.

The \$39.5 billion in education grants would support K-12 and higher education during state fiscal years 2009, 2010, and 2011. A portion of the funds would be dedicated to helping *states* maintain K-12 and higher education funding; the remainder would flow directly to *local* school districts.

States can use the \$8.8 billion in flexible block grants to avert budget cuts in education or in other basic state services, such as public safety and law enforcement, services for the elderly and people with disabilities, or child care. These funds can also be used for school modernization, renovation, or repair (Recent estimates predict Washington State will receive \$182.4 million in flexible block grant funding).

The funds are available to states immediately, and must be spent within two years of receipt of the grant.

– edited from the Center on Budget and Policy Priorities