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ARIZONA DEPARTMENT OF EDUCATION

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HORNE TO SCHOOL DISTRICTS: DON'T PANIC

PHOENIX (Tuesday, March 31, 2009) – State Superintendent Tom Horne today issued an estimate of the likely effect on schools of the expected state budget cuts and federal stimulus money.

Horne stated: “There are still a lot of uncertainties, and estimates are dangerous. However, some school districts have overreacted, and are planning to send out notices for layoffs of teachers based on assumed 60 percent budget cuts, which are way out of proportion to anything that can be reasonably anticipated. These excessive layoff notices can create unnecessary panic and consternation, and can adversely affect the quality of education by damaging the morale of teachers who, in the final analysis, would not lose their jobs. It is therefore important, that even though there is uncertainty, the schools have an idea of the proportion of cuts to be anticipated.”

Horne’s statement to educators follows:

Federal Stimulus Package

Many people appear to be interested in the federal stimulus package, and how it may relate to pending cuts in the state education budget. The following is a summary:

1. About \$400 million of federal funds will be distributed to the schools through the Department of Education. \$178 million is to be distributed as special education funds. This is an average of almost \$100,000 per school (with significant variations from school to school). The Department will also distribute an additional \$195 million in Title I funds. This will be of no benefit to the one-third of schools that are not Title I schools, but will benefit the Title I schools an average of over \$100,000 per school (again with significant individual variations). In addition there will be \$12.4 million in education technology funds.
2. The governor is receiving approximately \$1 billion. Of this amount, \$185 million is to be distributed at essentially her discretion. The other \$831 million is to backfill cuts in state funding of K-12 education and higher education. In 2009, the cuts were \$133 million in K-12 and \$150 million in higher education, for a total of \$283

million. Higher education, but not K-12, must be backfilled for 2009. Some K-12 may also be backfilled due to “proportionality” rules that are not yet clear from the federal government. Disregarding proportionality for the moment, that leaves \$671 million backfill for 2010 and 2011. If all of those funds were used in 2010, then the legislature could cut \$671 million and that would have no effect on education because the federal funds would compensate for the cut. Under federal law, they can cut no more than \$867 million and still receive stimulus funds. If they do cut \$867 million, and all the stimulus funds available are used in 2010, then that would leave an effective cut of about \$196 million for K-12 and higher education combined. Let us assume K-12 takes the entire cut, and higher education takes none, which is probably unrealistic. The overall state education budget is about \$5 billion from the state, \$3 billion from local sources, and \$1 billion from the federal government, for a total of \$9 billion. A cut of \$196 million would therefore be about a 2 percent cut of the total K-12 education budget. In addition, some districts face larger cuts because of override failures or declining enrollment.

As you can see, there are a number of variables, things constantly change, and I can't make any definite predictions. However, this gives you a general idea of what we are dealing with.

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