

TO: Interested Persons  
FROM: Chuck Sheketoff  
DATE: February 20, 2009  
RE: Funds Available for 2007-09 Revenue Shortfall

We've been asked whether federal stimulus funds and our two reserve funds (the Oregon Rainy Day Fund and the Education Stability Fund) are adequate to cover the revenue shortfall for *this* biennium to avoid more budget cuts.

There has been some question about whether our education funding gap is large enough for Oregon to access all of the money in the current fiscal year. Our research indicates that it is. Under the formula in the stimulus bill, Oregon is eligible for \$466.5 million to fill shortfalls in K-12 and higher education. Since the funding gap for K-12 alone, as measured by the formula in the stimulus bill, is \$481 million, there is no question that Oregon can use the full \$466.5 million for education. In addition, Oregon is eligible for \$103.8 million in other, flexible stimulus funds which are available for this biennium. Hence, Oregon could apply all \$570 million in stimulus funds (\$466.5 plus \$103.8) to the current biennium. To access these funds, the Governor will need to request them in an application to the U.S. Secretary of Education. In addition, this biennium we can utilize \$250 million of the federal stimulus bill's Medicaid money.

The bottom line: there are adequate funds available to avoid further cuts under today's forecast, leaving additional funds should the May 15 forecast be worse.

**Money Available for 2007-09 (in millions)**

|           |  |
|-----------|--|
| \$570     | Federal Stimulus Total Available                   |
| \$250     | FMAP (LFO uses \$215)                              |
| <hr/>     | <hr/>  |
| \$820     | Total Federal Stimulus Funds Available for 2007-09 |
| <br>      |  |
| \$53.2    | Emergency Fund                                     |
| <hr/>     | <hr/>  |
| \$873.2   | Stimulus plus Emergency Fund                       |
| <br>      |  |
| \$226.5   | Rainy Day Fund (using 2/3)                         |
| \$392.3   | Education Stability Fund                           |
| <hr/>     | <hr/>  |
| \$1,492.0 | Total Available to Avoid Cuts                      |