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FOR IMMEDIATE RELEASE: Thursday, April 30, 2009
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State stimulus money provided for education, prison system

PIERRE, S.D. – Gov. Mike Rounds said South Dakota began drawing down slightly more than \$39.5 million in state fiscal stabilization funds Wednesday from the U.S. Department of Education.

The bulk of the money will be provided to K-12 schools and the state university system, and the rest will be used by the state prison system.

“I want to thank the U.S. Department of Education for helping expedite our receipt of this money. This is great news for the state,” Gov. Rounds said. “It has allowed us to utilize federal stimulus funds to maintain our state aid-to-education formula in the current fiscal year. It also provides a 3 percent increase in the next fiscal year for schools, which had been considered for cuts during the recent legislative session.”

The Governor said federal stimulus money will help the state recover more quickly from the recession and jump-start the South Dakota economy.

South Dakota was among the first three states last week to be approved for fiscal stabilization funds from the U.S. Education Department. South Dakota will receive \$127.5 million in stabilization funds in two phases to restore education funding and balance the state budget over three fiscal years.

The flexible stimulus funds, along with \$38 million in reductions from December’s proposed 2010 budget, made it possible to balance the state budget without the use of reserves, Gov. Rounds said.

Speedy application and approval of stimulus funds allowed the state to replace some general funds for education with federal money, said Jason Dilges, state commissioner of the Bureau of Finance and Management.

Dilges said school districts received their monthly state aid funds Wednesday. Of the total \$30.8 million provided schools in April, \$22 million came from the federal stimulus money received earlier in the day, he said, noting that the state got the stimulus funds just nine days after approval of its request.

The remaining \$17.25 million in fiscal stabilization funds received Wednesday will be used by the state Board of Regents and Department of Corrections, Dilges said.

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* Dilges (DIHL'-jes)