UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION
THE ASSISTANT SECRETARY

JUN 15 2009

The Honorable John deJongh, Jr.
Government House
21-22 Kongens Gade
Charlotte Amalie, St. Thomas, Virgin Islands 00802

Dear Governor deJongh:

I am pleased to provide your Application for Initial Funding under the State Fiscal Stabilization Fund (Stabilization) program. The U.S. Department of Education (Department) is making available to the Insular Areas a total of $268 million, the maximum amount allowed under the American Recovery and Reinvestment Act of 2009 (ARRA). The Virgin Islands will receive $70,964,740. This funding will provide needed aid to maintain essential educational services at the elementary, secondary, and postsecondary levels, keep teachers in the classroom, and prevent the cutting of valuable education programs. It will also provide resources that will assist you in making the necessary improvements that were identified during our consultations with representatives of each of the Insular Areas.

In exchange for these resources, each Insular Area must take actions, in consultation with the Department, to: (1) enhance the qualifications and effectiveness of teachers in public elementary and secondary schools; (2) establish a longitudinal data system that includes the elements described in the America COMPETES Act; (3) improve the quality of its academic standards and assessments and implement the enhanced standards and assessments; (4) modernize, renovate, and repair public educational facilities that are used primarily for classroom instruction; (5) strengthen the technology infrastructure of public elementary and secondary schools, public institutions of higher education, and governmental agencies; and (6) establish or complete the implementation of a credible financial management system. The Department looks forward to working with you in these efforts.

Based on consultations with the U.S. Department of the Interior and your representatives, we are allocating funds to the Insular Areas on the same basis as we are allocating Stabilization funds among the States. The many suggestions that the Insular Areas offered regarding the terms and conditions of these grants have enabled us to tailor the program in a manner that best addresses your specific needs.

Like the grant awards to States, the Insular Areas will receive Stabilization funds under two components – the Education Stabilization Fund and the Government Services Fund. The Department will award 81.8 percent of your total Stabilization allocation under the Education Stabilization Fund (CFDA No. 84.394) and the remaining 18.2 percent under the Government Services Fund (CFDA No. 84.397). However, you have the additional

flexibility to demonstrate in your application that a variation in these percentages is warranted.

In the Initial Application phase, you may receive 67 percent of your total Stabilization allocation. In this phase, you must provide the required assurances, specific maintenance of effort data, and project plans regarding the uses of the Stabilization funds. The remaining funds will be awarded in phase two after you provide baseline data for each of the programmatic assurances and the Department approves your comprehensive plan for making progress relative to those assurances. In the near future, we will provide specific information regarding the phase two application process.

The President has made clear that every dollar spent under the ARRA will be subject to stringent accountability and transparency. A government-wide Recovery Accountability and Transparency Board will coordinate and conduct oversight of program funds to prevent fraud, waste, and abuse. The Board is maintaining a public website – www.recovery.gov — that is the main vehicle for providing each and every citizen with the ability to monitor the progress of the economic recovery and the use of funds under the Act. You must maintain records that track separately the funds received under each grant award and report quarterly on both financial information and on program outcomes and results. In addition, for each year of the Stabilization program, you must provide the Department a report that contains, among other things, information on: (1) the use of funds provided under the program; (2) the estimated number of jobs created or saved with program funds; and (3) the extent of progress on the application assurances.

We recognize the challenges that the Insular Areas are facing are very serious. But I also wish to stress, once again, that enactment of the ARRA, and more specifically the significant amount of funding we will be providing through the Stabilization program, as well as the increases provided for Title I, IDEA, and other education programs, gives you an unprecedented opportunity to undertake comprehensive educational and fiscal reforms that can result in better programs and improved educational outcomes. We will be providing guidance and technical assistance to support you in these efforts.

We are committed to assisting you in whatever way possible. We look forward to working with you to advance needed reforms in education while helping to alleviate some of the serious fiscal issues that you are facing.

Sincerely,

Joseph Conaty
Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary for Elementary and Secondary Education