



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

June 6, 2011

The Honorable John Hickenlooper  
Office of the Governor  
136 State Capitol  
Denver, CO 80203-1792

Dear Governor Hickenlooper:

During the week of October 18, 2010, staff from the State Fiscal Stabilization Fund (SFSF) program from the U.S. Department of Education conducted the first of two monitoring reviews of your State's implementation of the SFSF program. Your State's SFSF contacts were extremely helpful in coordinating and responding to this desk review.

During the monitoring review, we discussed your State's policies, procedures, and activities related to the SFSF program. We spoke with officials at local educational agencies (LEAs) and public institutions of higher education (IHEs) that have received Education Stabilization Fund grants, as well as with representatives of entities that have received Government Services Fund grants. A complete description of the scope of the monitoring review and the SFSF monitoring protocols are available on the Department's website at [www.ed.gov/programs/statestabilization/applicant](http://www.ed.gov/programs/statestabilization/applicant).

The Department found that the State implemented the program expeditiously and effectively in order to meet the financial needs of LEAs, IHEs, and other State agencies. This report demonstrates Colorado's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency. The Department commends the State for developing thorough monitoring protocols to ensure subrecipients are complying with the SFSF requirements. Throughout the monitoring process, subrecipients commented on the responsiveness of the State and were appreciative of the assistance provided to them.

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The Department identified three issues regarding the fiscal oversight of funds. First, during the monitoring process, the State learned that one LEA had received its entire grant amount in advance, thus earning interest for a period of approximately eight months. The State then conducted a comprehensive review of other similar grantees and identified four additional LEAs that had earned interest. The State worked with these LEAs to collect the interest and remit it to the Department; this transaction was completed in March 2011. Second, the State also realized that, although it tried to correct an excessive draw (one that exceeded expenditures to date) from the Department's systems, it had not successfully returned these funds to the Department. This resulted in interest earned for a period of three months. Since the monitoring review, the State has corrected this error and returned the applicable funds to the Department. Third, the State had not completed and made public 1511 infrastructure certifications. The State has since completed and published the required certifications on the Department's website. Because the State has taken the actions noted above, there are no outstanding issues for the State to resolve.

The Department is grateful for the cooperation and responsiveness of the staff in Colorado. Monitoring not only helps States to achieve high-quality implementation, but also helps the Department to improve its role as an advisor and partner with States in this effort. As we work together, we want this process to be interactive and helpful.

We will be contacting your office in the future to schedule an on-site monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in Colorado who are working on this critical educational initiative.

Sincerely,

//s//

Ann Whalen  
Director, Policy and Program Implementation  
Implementation and Support Unit