



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

FEBRUARY 9, 2012

The Honorable Steve Beshear
Office of the Governor
700 Capitol Avenue, Suite 100
Frankfort, Kentucky 40601

Dear Governor Beshear:

During the week of December 13, 2010, staff from the State Fiscal Stabilization Fund (SFSF) program from the U.S. Department of Education (the Department) 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 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 received Education Stabilization Fund grants, as well as representatives of entities that 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.html.

The Department found that the State implemented the program expeditiously and effectively in order to meet the financial needs of LEAs and other State agencies. This report demonstrates Kentucky's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency.

The Department identified two issues regarding the State's implementation of the program. First, the State did not include the required General Education Provisions Act (GEPA) assurances in its initial LEA application, prior to distributing SFSF funds to LEAs. In response, the State obtained the required GEPA assurances for the SFSF program in its LEA application for the Education Jobs Fund. Second, the Department learned that the monitoring plan submitted in March of 2010 had not been fully

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developed or implemented. The State had not yet formalized a schedule for on-site or desk reviews of sub-recipients and noted that monitoring would occur in calendar year 2011. In response, the State submitted updated monitoring protocols that included instruments used during the monitoring process and a monitoring schedule for sub-recipients. The State also submitted evidence of the implementation of the monitoring protocols.

In addition, I would like to express our gratitude for the cooperation and responsiveness of the staff in Kentucky. 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 the second monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in the Commonwealth of Kentucky who are working on this critical educational initiative.

Sincerely,

//s//

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

Cc: Robin Kinney