



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

March 25, 2011

The Honorable Beverly Perdue  
Office of the Governor  
20301 Mail Service Center  
Raleigh, NC 27699-0301

Dear Governor Perdue:

During the week of August 30, 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 North Carolina's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency. The Department identified one issue regarding the State's implementation of the program. In an effort to expedite the distribution of funds to LEAs, the State distributed the funds to LEAs in a manner that had the potential to allow LEAs to accumulate interest on the SFSF funds. Subsequent to the monitoring review, North Carolina took a number of actions to resolve the issue including providing documentation of the State's cash management policies and procedures and conducting workshops on the State's cash management policies to LEAs. Because the State has taken the actions noted above, there are no outstanding issues for the State to resolve.

[www.ed.gov](http://www.ed.gov)

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*The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

The Department is grateful for the cooperation and responsiveness of the staff in North Carolina. 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 you 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 North Carolina who are working on this critical educational initiative.

Sincerely,

//s//

Ann Whalen

Deputy Director, Implementation & Support Unit