



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

May 26, 2011

The Honorable Bill Haslam
Office of the Governor
State Capitol, First Floor
Nashville, Tennessee 37243-0001

Dear Governor Haslam:

During the week of August 16, 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.

During the review, the Department found that the State implemented the program effectively in order to meet the financial needs of LEAs, IHEs, and other State agencies. This report demonstrates Tennessee commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency. The Department identified six issues regarding the State's implementation of the program. In particular, the Department found issues with LEA applications; fiscal oversight, including tracking and accounting for the use of funds, using the funds for allowable activities, and cash management; 1511 certifications; and subrecipient monitoring of IHEs. Because the State has taken the actions to correct all of the issues above, there are no outstanding issues for the State to resolve.

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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 Tennessee. 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 a desk monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in Tennessee who are working on this critical educational initiative.

Sincerely,

//s//

Ann Whalen
Deputy Director, Implementation & Support Unit