



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

June 10, 2011

The Honorable Scott Walker
Office of the Governor
115 East Capitol
Madison, WI 53702

Dear Governor Walker:

During the week of February 28, 2011, 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) that received Education Stabilization Fund grants and 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 <http://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 Wisconsin's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency. The Department specifically commends the State for its efforts in rectifying issues identified on the use of SFSF funds in FY 2009. The State clearly heeded guidance provided by Department's Office of the Inspector General (OIG) and program staff to adapt its processes to ensure better accountability and oversight of the SFSF funds in FY 2010.

<https://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 identified two issues regarding the State's implementation of the program related to LEA applications and subrecipient monitoring. First, the State did not require LEAs to submit an application for SFSF funds in FY 2009. However, it did require an application from each LEA prior to disbursing FY 2010 allocations. Second, the State was not able to ensure LEAs needed the full amount they were allocated in FY09 to meet immediate obligation needs. In response, for FY 2010, the State required LEAs to identify previously incurred costs in the amount of their allocation prior to receiving funds. Also, the State required expenditure documentation from a number of high-risk LEAs prior to payment. Because Wisconsin has already taken the necessary actions to resolve these issues, no further action is necessary by the State.

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

Sincerely,

//s//

Ann Whalen
Deputy Director, Implementation & Support Unit