



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

August 3, 2011

The Honorable Eddie Calvo
Office of the Governor of Guam
Ricardo J. Bordallo Governor's Complex
Adelup, Guam 96910

Dear Governor Calvo:

I am writing in response to Guam's June 23, 2011, request to amend its approved State Fiscal Stabilization Fund (SFSF) application. Beginning in February 2011, Guam expressed interest to the U.S. Department of Education (Department) in amending its SFSF application in order to ensure that all SFSF funds are obligated prior to the statutory deadline of September 30, 2011. Deputy Secretary Tony Miller and other Department officials, including SFSF program staff, met with you on March 1, 2011, for a productive conversation where you and other officials from Guam described a potential amendment to reduce the amount of SFSF funds spent on Capital Improvement Projects (CIPs) and increase the amounts of SFSF funds available to retain school-based personnel. The Department agreed to consider such a request if Guam remained committed to fully support the projects identified in the approved SFSF application. In the following weeks, the Department communicated with Guam weekly and provided technical assistance on the proposed amendment. However, the Department informed Guam that no formal approval or agreement could be made until the amendment was officially submitted.

On June 23, 2011, Guam submitted a formal amendment to its SFSF application requesting that \$60,088,935 originally allocated for CIPs (including science, technology, engineering and math (STEM) CIPs), technology upgrades, and equipment be reprogrammed to salaries and benefits. Guam has demonstrated its commitment to ensuring that the activities that were to be supported with SFSF funds will be financially supported and completed with other funds. Specifically, on May 16, 2011, the Guam legislature passed Public Law 31-40, which appropriates \$60,088,935 of local funds to the Guam Department of Education and stipulates that those funds be deposited into a trust account to be used to carry out activities no longer being supported with SFSF funds. This law also provides an assurance that local support for education in fiscal year 2011 will be maintained at the levels noted in the Education Jobs Fund application and amended SFSF application.

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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.

Guam Public Law 31-40 affirms that funds in the trust account must be obligated for the approved SFSF projects by September 2012. Additionally, the amendment request also indicated that Guam would not oppose any effort by the Department to recover an amount that is equal to the amount of any trust funds that are not obligated by September 30, 2012.

After careful review, the Department approves Guam's amendment. To verify that Guam will meet the September 30, 2012, deadline for obligation of the trust funds, we are requiring Guam to submit to the Department quarterly updates describing the progress that it is making in completing the activities supported with trust funds. Each report will be due 30 days after the close of the applicable quarter. The first report, covering the period from the approval of the amendment through September 30, 2011, is due to the Department on October 31, 2011. After the September 30, 2012 deadline, Guam will be required to submit evidence demonstrating that it obligated all trust funds and completed the activities in the amended application. The Department will be providing Guam guidance on this submission at a later date.

Please note that this letter and Guam's amended application will be posted on the Department's website as a record of the amendment.

If you need any assistance or have any questions regarding the State Fiscal Stabilization Fund, please do not hesitate to contact Guam's Program Officer, Jessie Levin, at 202-453-6651 or Jessie.Levin@ed.gov.

Sincerely,

//s//

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

cc: Taling M. Taitano
Art Mariano