UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

THE ASSISTANT SECRETARY

JUL 2 2009

The Honorable Bob Riley
Office of the Governor
State Capitol
600 Dexter Avenue
Montgomery, AL 36130-3024

Dear Governor Riley:

I am very pleased to award your State's initial grant awards under the State Fiscal Stabilization Fund (Stabilization) program, which was authorized under Title XIV of the American Reinvestment and Recovery Act of 2009 (ARRA). These resources will help minimize and avoid reductions in education and other essential public services. The funds are provided in exchange for your commitment to advance education reforms in four areas: (1) making improvements in teacher effectiveness and ensuring that all schools have highly qualified teachers; (2) gathering information to improve student learning, teacher performance, and college- and career-readiness through enhanced data systems that track progress; (3) making progress toward college- and career-ready standards and rigorous assessments that will improve both teaching and learning; and (4) improving achievement in low-performing schools through intensive support and effective interventions.

As you know, the Stabilization program has two distinct portions – the Education Fund (CFDA No. 84.394) and the Government Services Fund (CFDA No. 84.397). The Education Fund helps States to restore support for public elementary, secondary, and postsecondary education and, as applicable, early childhood programs and services. The Government Services Fund supports public safety and other government services, including assistance for public elementary, secondary, and postsecondary education. Funds awarded under both categories may also be used to support modernization, renovation, or repair of facilities, consistent with the ARRA.

These funds are subject to the requirements of the Cash Management Improvement Act. State must draw down funds in manner consistent with their drawdowns under other Federal programs such as Title I of the Elementary and Secondary Education Act. As noted in the program guidance a State must have an effective system for managing the flow of funds that ensures that entities are able to draw down funds as needed to pay program costs but that also minimizes the time that elapses between the transfer of the funds and their disbursement by the grantee or subgrantee, in accordance with U.S. Department of the Treasury regulations at 31 C.F.R. Part 205. (*See* the Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. 80.21(b). For your convenience, a CD-ROM version of EDGAR is included in the award package.)

If the State's maintenance-of-effort data (in Part 4, Section C of the application) or data on the State uses of the Education Stabilization Fund (in Part 5, Section A of the application) change, the State must submit to the Department revisions to those portions of its application as soon as possible after any changes are made. The revisions, which should be signed and dated by an authorized State official, should be submitted to Stabilizationfundapplication@ed.gov. The Department intends to obtain updated information on the State uses of the Government Services Fund (Part 5, Section B of the application) as part of the phase two funding process.

Enclosed are two separate Grant Award Notices (GANs) – one the initial award from your Education Stabilization Fund allocation and the other the initial award from your Government Services Fund allocation. These funds are subject to the requirements in the ARRA and other applicable statutes and regulations, the assurances in your application for funding, and the terms and conditions detailed in "Attachment T" of the GANs.

In the near future, we will announce for public comment in the Federal Register our proposal for awarding the remaining amount of Stabilization funds to States. We intend to award these funds by September 30, 2009.

We look forward to continuing to work with you in the implementation of the Stabilization program. Detailed information about the program is available on our website at http://www.ed.gov/programs/statestabilization/applicant.html. If you have any questions about the attached award notices or the program, please feel free to contact me at (202) 260-8230 or have your staff send an email to state.fiscal.fund@ed.gov and we will respond promptly.

Sincerely,

Joseph C. Conaty

Joseph C. Conaty
Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary for Elementary and Secondary Education

Enclosures