



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION


THE ASSISTANT SECRETARY

**MEMORANDUM**

DATE: March 12, 2009

TO: Bridget Dooling/Sharon Mar  
Office of Information and Regulatory Affairs  
Office of Management and Budget

THROUGH: Kathy Axt  
Regulatory Information Management Services  
U.S. Department of Education

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

SUBJECT: Emergency Clearance of State Fiscal Stabilization Fund Application

The U.S. Department of Education's (ED) Office of Elementary and Secondary Education (OESE) has developed an application for a new program, the State Fiscal Stabilization Fund (Stabilization) program. The Stabilization Program was established in the "American Recovery and Reinvestment Act of 2009," which was signed into law by the President on February 17, 2009. The Stabilization program provides \$53,600,000,000 to States to keep teachers in the classroom, to prevent the cutting of valuable education programs, and to help mitigate college tuition increases. Additionally, the Stabilization program will provide resources that States and districts may use to implement important education reforms, such as launching strategies that address inequities in the distribution of highly qualified teachers, building robust data systems that allow districts to better track student achievement, raising standards and strengthening student assessments, and turning around failing schools. The Department is requesting approval of the Stabilization program grant application so that State governors may apply for the first portion of these funds.

The Department is requesting that the Office of Management and Budget (OMB) clear the application on an emergency basis. Many states around the nation have been cutting back on education budgets for K-12 and Higher Education. This is resulting in job losses among teachers, support staff and administrators, tuition increases, salary cuts, and reduced services to students. Therefore, it is extremely important that states have access to these funds as soon as possible. Receiving OMB's approval on an emergency basis is essential to awarding Stabilization funds quickly.

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Since the passage of ARRA, OESE staff have worked with ED's Budget Service and the Office of General Counsel to develop an application that meets the intent and purposes of the Stabilization program. Furthermore, using the regular clearance process would put ED well past the 120-day mark for awarding the Stabilization funds that are specified in the Act, which would clearly go against Congress's intent. In sum, not approving this emergency request would cause harm to many states and the students they serve and would delay ED's ability to award the funds in a timely manner.

The Stabilization Fund appears to be a one-time program. Therefore, we expect that the emergency clearance of the application will be needed only for this year.

ED plans to award grants to applicants (State governors) according to a formula based on their relative total population of individuals aged 5 through 24 (61%) and based on their relative total population (39%). ED has calculated state allocations based on available population data, and will distribute the funds in two phases by the end of the year. This first phase will release 67 percent of the available funds to states. Applicants will provide financial data, including estimated levels of funding for education and government services in a single application and must provide a number of assurances regarding the use of funds. After ED reviews the applications for eligibility it will award the first 67 percent of the available funds based on the formula. If we are able to obtain emergency approval from OMB, ED intends to make applications available on March 23, 2009, with a rolling application deadline.

**ED is requesting OMB approval by March 23, 2009.**

Thank you for your prompt consideration of my request. If you have questions, please contact Maria Worthen of OESE/AITQ at 202-205-5632 or [maria.worthen@ed.gov](mailto:maria.worthen@ed.gov).