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February 27, 2009

The Honorable Arne Duncan
Secretary of Education
United States Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary Duncan:

I appreciate the daunting task facing the Department of Education in carrying out the implementation of the American Recovery and Reinvestment Act (ARRA) and, while I recognize the Administration's desire to provide federal funding to states and school districts expeditiously to meet their budgetary challenges, I believe it is in the interest of all taxpayers that these funds be spent effectively and efficiently to help students. For that reason, I am writing to request detailed information with respect to the Department's plans for allocating funds and monitoring the use of such funds provided under the ARRA.

The House Education and Labor Committee has the authority and the obligation to conduct oversight on the \$97.6 billion in education funding allocated via the economic stimulus package. In my capacity as the Senior Republican Member on that panel, I respectfully request that the Administration begin conducting regularly scheduled briefings with the relevant Congressional Committees to explain its plans for the allocation of funds to states, school districts, and institutions of higher education.

The economic stimulus package entrusts the Department of Education with allocating and distributing nearly \$100 billion in taxpayer dollars through seventeen separate federal programs. Each of the existing programs slated to receive additional funding under the new law have their own statutorily-established formulas (though the bill restructures a number of these and applies them to the additional funding included in the package); their own reporting requirements; their own fiscal controls; and their own monitoring protocols to prevent fraud, waste, and abuse of government funds. However, in light of concerns raised by the Department of Education's Office of Inspector General (OIG) with respect to the monitoring of these programs, I am particularly interested in any enhanced monitoring activities planned by the Department.

In addition, I would note that the ARRA's newly created programs, such as the State Fiscal Stabilization Fund, have no fiscal controls, established formulas, or other provisions in place to ensure that the funds are properly spent. That is why I believe it is vital that the Department have procedures in place to ensure that these taxpayer dollars are closely monitored and effectively spent. As such, I would appreciate a prompt response to the following questions:

- (1) How will the Department monitor state and local educational agencies, state agencies of higher education, and institutions of higher education to ensure that funds are spent in accordance with the requirements of the existing programs and any additional requirements imposed by the ARRA? Will these actions involve on-site visits to those agencies, be handled primarily through reporting requirements to the Recovery Accountability and Transparency Board, or some combination?
- (2) What protocols will the Department implement to ensure that the funding provided in the economic stimulus package is spent effectively by those agencies that have been deemed high risk by the Department's Risk Management Team?
- (3) How will the Department ensure that all states comply with the assurances required in order to participate in the State Fiscal Stabilization Fund? For example, will states that are in the process of establishing, but do not yet have, an operating statewide longitudinal data system qualify for funding under the program? Will the fourteen states that have approval pending or compliance agreements in place for their current math and reading assessments qualify for funding under the program? Will the eight states that do not report assessment results in a timely manner qualify for funding under the program?
- (4) The economic stimulus package creates a number of new formulas for distribution of federal funds and restructures existing formulas for the Impact Aid Construction program and the McKinney-Vento Homeless Assistance program. How will the Department allocate and distribute funds for those programs with new and/or restructured formulas included in the economic stimulus package?
- (5) When does the Department believe that it will be able to begin allocating funding provided under the ARRA to states, school districts, and institutions of higher education? Recent reports have indicated that funds will be provided to states upon receipt of a "comprehensive reform plan." What will this plan entail, and will it differ from the state application required under the State Fiscal Stabilization Fund or the Consolidated State Application required under the No Child Left Behind Act (NCLB)?
- (6) How will the Department utilize the additional \$60 million allocated for student aid administration?
- (7) What procedures, rules, and/or criteria will the Department establish for purposes of granting waivers to states and school districts?

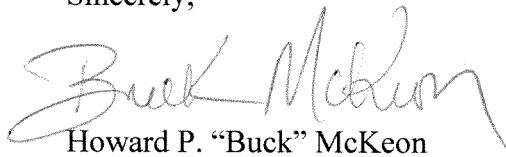
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I also want to highlight the need for the Department to ensure that school districts continue to uphold their obligations under current law. For instance, districts that receive funding for the Title I program and have been designated as in need of improvement under NCLB are required to set aside 20 percent of that funding for public school choice and Supplemental Educational Services (SES). Twenty percent of the additional Title I dollars provided under the ARRA should also then be set aside for this purpose. These important parental options ensure that school districts not yet meeting their states' target of increasing student achievement in reading and math use some of their resources to provide parents and students with additional opportunities to receive a quality education. The same can and must be accomplished under the ARRA.

Finally, I would urge you to ensure that states and school districts that use funding received under the State Fiscal Stabilization Fund for activities authorized under the Elementary and Secondary Education Act (ESEA), the Individuals with Disabilities Education Act (IDEA), or the Carl D. Perkins Career and Technical Education Act, comply with the applicable provisions on equitable participation for private schools. As you know, under each of those laws, educational services and other benefits provided to private school children, teachers, and other educational personnel must be equitable in comparison to services and other benefits that are provided to students in public schools, and such services must be provided in a timely manner.

I understand that funding outlays under the ARRA could begin quickly, within as little as 30 to 60 days, and I would appreciate a response to these concerns before any funding is allocated to states or local entities. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Buck McKeon". The signature is fluid and cursive, with the first name "Buck" being more prominent and the last name "McKeon" following in a similar style.

Howard P. "Buck" McKeon
Senior Republican Member