



THE SECRETARY OF EDUCATION
WASHINGTON, DC 20202

July 23, 2004

Dr. G. Thomas Houlihan
Executive Director
Council of Chief State School Officers
One Massachusetts Avenue, NW, Suite 700
Washington, D.C. 20001

Dear Tom:

Recently I received a copy of a July 13 "Dear Representative" letter you sent to Members of Congress responding to statements made by Chairman Boehner on the spending patterns of Federal dollars by States and school districts. In your letter, you quoted from a February 2004 letter I sent to CCSSO President Ted Stilwill that my "comments on the unspent funds issue were in no way intended as criticism" of State fiscal practices. I am writing to clarify the record, since I believe that my comments to Mr. Stilwill were taken out of context.

In the February letter, I wrote to articulate that the information provided by the Department about the amount of unspent Federal funds by States was to provide "another perspective on the hotly debated issue of funding for the No Child Left Behind Act." In order to provide the proper context, allow me to quote at length from my earlier letter to Mr. Stilwill:

As you well know, one of the chief criticisms of the NCLB Act – and a major excuse for seeking a weakening of its provisions – is the alleged inadequacy of Federal funding for the new law. This criticism is often accompanied by demands for what I can only describe as fantastic sums of additional Federal education funds – the most recent example of this is the National Education Association's assertion that \$81 billion is required to fully fund our programs, including the NCLB Act. In this context, we believe it is entirely appropriate to point out that States and school districts apparently have not yet spent very significant portions of already appropriated Federal education funds. In some cases, funds were left unspent by States and school districts for more than five years and reverted to the U.S. Treasury.

Later in the letter, in discussing the administrative challenges at the State and local levels in combining Federal, State, and local revenues, I further stated, which you quoted in part, that "Our comments on the unspent funds issue were in no way intended as criticism of your efforts to meet this challenge, *but as one more piece of evidence that this Administration has responsibly and adequately provided the resources necessary for the effective implementation of the NCLB Act*" (italics representing the portion of the

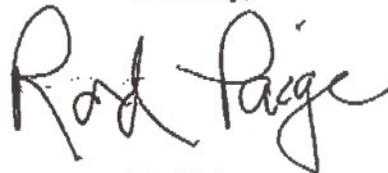
sentence that was not referenced). I believe that in proper and complete context my comments take on a different meaning than was presented in the letter.

I would also like to address an issue raised in Mr. Stilwill's June 30 letter to Chairman Boehner on the same issue. (Mr. Stilwill used the above referenced quote in this letter as well.) Mr. Stilwill stated, as a reason why States may not be spending their Federal dollars more expediently, that Federal "funds cannot be expended until rules have been created for the operation of each program." That statement is inaccurate.

For formula and many other grant dollars (such as Title I, IDEA, and School Improvement monies), States are able to access and spend the dollars at the beginning of each fiscal year or the period when funds are first made available, regardless of whether or not regulations are promulgated to cover that program. As a matter of fact, in July 2002, a full six months before the NCLB accountability regulations were finalized, States had begun to draw down and spend the Federal dollars appropriated that year. Thus, the timing of regulations has no bearing on the immediate use of the Federal dollars. Of course, States are always obligated to follow the applicable statute and/or regulation in spending any Federal dollars.

I look forward to continuing to work with you on successfully implementing the No Child Left Behind Act so that achievement gaps are closed and all students can achieve.

Sincerely,

A handwritten signature in black ink that reads "Rod Paige". The signature is written in a cursive, flowing style.

Rod Paige

cc: Honorable John Boehner
Honorable Judd Gregg
Honorable Ted Stilwill