



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

July 7, 2009

Honorable Felix Perez Camacho  
Governor of Guam  
P.O. Box 2950  
Hagatna, Guam 96932

Dear Governor Camacho:

It was a pleasure to meet with your staff last week to discuss your recent request for clarification regarding the permissible use of funds under the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund (SFSF) Program for school construction. The Department is in the process of finalizing specific guidance on the State Fiscal Stabilization Fund Program for the Insular Areas. The document will provide clarity on the differences between the SFSF program for the States and the Insular Areas. In the meantime, you have asked whether the SFSF funds may be used to construct a new high school facility to replace the condemned JFK high school building. According to Section III-D-11, of the Guidance document issued by the Department on April 1, 2009 for the SFSF program, the scope of allowable activities for construction or infrastructure support is broad. The scope of allowable activities is not limited to modernization, renovation, or repair, and the funds may be used for the construction of new school buildings, including construction activities that are consistent with a recognized green-building rating system. Accordingly, use of these funds to address the need for assistance to elementary and secondary education may, if other requirements are met, include construction of a new school facility to replace the condemned JFK high school building.

Modernization, renovation, repair and new construction for elementary and secondary education activities are allowable activities under both the *Education Stabilization Fund* and the *Government Services Fund* components of the State Fiscal Stabilization Fund. However, your application for the SFSF funds will need to include the following specific information: (1) a full description of the construction project; (2) estimated total cost of the construction project; and (3) projected construction timeline. In preparing your SFSF application for review and approval, you should be aware of the following prohibited use of SFSF funds: stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public; and the improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities.

We would like to remind you that once we receive your application, we will thoroughly review each proposed project, which may require you to submit additional information. We look forward to receiving your ARRA SFSF application.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip A. Maestri".

Philip A. Maestri  
Director  
Risk Management Service  
Office of the Secretary