

March 3, 2011

Dear Governors:

I appreciated very much the opportunity to visit with so many governors at the National Governors Association winter meeting recently. Thank you for the hard work you are doing every day to secure America's future in a globally competitive, knowledge-based economy. The most meaningful work in education reform is happening at the state and local levels, and our role at the U.S. Department of Education is to support you, provide flexibility in every way possible, and highlight and reward your vision, courage, and success.

In these challenging financial times -- what I call "The New Normal" -- governments at every level face a critical need to cut spending where we can in order to invest where we must. The President's proposed 2012 budget would reduce the deficit by more than a trillion dollars over this decade, while investing in innovation, infrastructure, and education. He and I both recognize that states face enormous financial pressures that could put students at risk so, as promised, I am enclosing three documents offering some options on the effective, efficient, and responsible use of resources in tight budget times. These options are entirely voluntary and entirely a matter of state and local discretion.

The first document, *Flexibility in Using Federal Funds to Meet Local Needs*, outlines opportunities currently available to states and districts to invest federal funds flexibly. The laws governing Department programs allow for transferring funds among certain of those programs, combining funds in small rural districts, consolidating administrative funds at the state and district levels, and consolidating federal, state, and local education funds to promote comprehensive reforms in high-poverty schools. For example, a share of the money we provide for educational technology can be used for programs to improve and reward teacher and principal effectiveness, and vice versa. While we always seek the greatest return on investment for children and taxpayers, we believe states and districts are in the best position to tailor the use of federal funds to meet the individual needs of students.

The second document, *Smart Ideas to Increase Educational Productivity and Student Achievement*, describes steps that states, districts, and schools can take to ensure that federal dollars support policies, practices, and programs with the greatest positive impact on students. These ideas include innovative uses of technology, new staffing policies, targeted adjustments in class size, and compensation models that reward the best, most effective work. There are right ways and wrong ways to cut spending, and the most important guiding principle I can offer is to minimize the negative impact on students and seize this opportunity to direct your spending to the highest priorities.

The third document, *Advancing Student Achievement Through Labor-Management Collaboration*, grew out of an event the Department held in Denver on February 15 and 16. We brought together school board presidents, superintendents, and union leaders from 150 school districts in 40 states for a two-day conference on how to put students at the center of the labor-management relationship. As the enclosed document shows, there are school districts in

America today that have moved beyond the adversarial labor-management relationship and made great progress on issues like teacher evaluation, compensation, staffing and placement decisions, benefits, and strategic agenda-setting. These relationships are defined by a sense of shared responsibility, shared accountability, and shared sacrifice, and they proceed from the understanding that we stand or fall together on the quality of education that we provide to our children and young people.

America's governors are facing tougher financial challenges than at any time in recent history. Please know that we are your partners in this effort and will do everything we can to help you adjust and move forward in "The New Normal." We also invite and challenge all stakeholders, from elected officials at all levels to school administrators, school boards, and teacher leaders, to work with you to achieve the very best possible outcome for students. At the very moment when education is more important than ever to our economic and national security, it has never been more at risk. Working together, we can get through these difficult times and provide all of our children with the high-quality education they need and deserve.

Sincerely,

Arne Duncan

Enclosures