

Commissioner Update

March 9, 2009

Dear Connecticut Educator:

I have three items for you in this update.

Sincerely,

Mark K. McQuillan
Commissioner of Education

Federal Stimulus Funds Will Help Stabilize Local School District Operations

The American Recovery and Reinvestment Act (ARRA), signed by President Obama on February 17, 2009, provides more than \$784 million in additional education grants to Connecticut over the next two years, including \$545 million in State Fiscal Stabilization Funds, an additional \$72 million in Title I Funds, an additional \$24 million in Title I School Improvement Funds, and an additional \$136 million in IDEA funding. These are major increases in federal aid affecting every school district in Connecticut.

In addition to the tremendous stabilizing effect that these funds will have on the state and on local school districts, the expanded funding will open the door for new programs and initiatives at the state and local levels over the next two years. Please consult the following Web site for further details on the stimulus funds.

<http://www.ed.gov/about/overview/budget/statetables/recovery.html>

Local education officials have numerous questions about how the money may be used and how much flexibility will be granted by the U.S. Department of Education to allow the use of stimulus funding to stabilize their budgets and staffing levels. The issue of supplementing versus supplanting is an important consideration. There appears to be only limited flexibility in the “maintenance of effort” and “supplement vs. supplant” provisions of the new law. Guidance on these questions will soon be available from the U.S. Department of Education, and I know just how important this information is to the development of local school district and municipal budgets. Please be assured that I will move as quickly as possible to get you the answers to your questions.

Second, despite the published numbers Connecticut's districts are slated to receive under ARRA, school officials should not count these numbers as certain. Several adjustments must still be made before the dollars for Title IA, IDEA, Title IID and other funds are certified. We will notify school districts at the earliest possible date as to what the new entitlement funds are. The positive side of the new entitlement funds is that they are in addition to what is already in the pipeline to come to school districts in Fiscal Years 10 and 11.

I have met with U.S. Education Secretary Duncan and continue to communicate with federal education officials to receive clarification and guidance from the USDE on several issues and will share this information with superintendents and school business officials at a **statewide meeting on March 17th** in Hartford.

In addition to increased funding in Title I and IDEA, the Act also provides for two competitive grant programs:

1. Incentive Grants for states that are making progress in achieving equity in teacher distribution; improving data systems; enhancing standards and assessments; and providing interventions for schools in corrective action; and
2. Innovation Grants to LEAs or partnerships of LEAs and nonprofit organizations to establish and expand "best practices" for closing achievement gaps, or making significant improvement in other areas such as graduation rates, recruitment and placement of high-quality teachers and school leaders, and programs that include partnerships with the private sector.

Details on these competitive grant programs will be forthcoming.

CONNECTICUT STATE DEPARTMENT OF EDUCATION
Division of Finance and Internal Operations

TO: Superintendents of Schools
Town Finance Officers

FROM: Brian Mahoney, Chief Financial Officer
Division of Finance and Internal Operations

DATE: March 3, 2009

SUBJECT: 2008-09 Education Revenue Update

On December 8, 2008, we provided preliminary 2008-09 revenue information for the Education Cost Sharing (ECS), Public and Nonpublic Transportation, Adult Education and Health Services grants.

We now have updated information for these grants reflecting school districts' 2007-08 audited expenditures, as well as prior year adjustments. Please refer to our Web site to access your revenue information, as well as the December 8 letter, which details the prior year adjustment process.

<http://www.csde.state.ct.us/public/dgm/grantreports1/RevEstSelect.aspx>

We have included a summary concerning the impact of the grant caps. For this year, depending on the grant, the caps are negatively impacting revenue by as much as 35 percent.

Although the audits have been submitted, several post-audit issues still remain. Therefore, many of these figures are still preliminary and subject to change. We will notify you in April of your final revenues.

In addition, you will now find revenue estimates for the Excess Costs grant. Under current law there is no cap on the Excess Cost grant for 2008-09. The February entitlements are based on data provided by your district on the SEDAC-G system. Final entitlements will be available in April based on any revisions made by your district.

The [Estimates of State Aid to Municipalities](#) was provided through the Office of Policy and Management in early February. With regard to the current year's revenue, we strongly recommend that you refer to the above Web site for the most current information. All of the pertinent factors that comprise actual revenue are not available at the time the Estimates of State Aid is published.

If you have any questions, please contact Kevin Chambers at kevin.chambers@ct.gov or 860-713-6455.

**CONNECTICUT STATE DEPARTMENT OF EDUCATION
Division of Finance and Internal Operations**

TO: Superintendents of Schools
School Business Officials

FROM: Bruce Ellefsen, Chief
Bureau of Fiscal Services

DATE: March 3, 2009

SUBJECT: 2009-2010 Indirect Cost Proposal

I am writing this letter as a reminder to all local education agencies (LEAs) that state fiscal year 2008-09 indirect cost proposals are due to the Connecticut State Department of Education (CSDE) by March 31, 2009.

An indirect cost rate is a means of determining the percentage of allowable general administrative expenses that each federal and state grant should bear. These rates are used for contracts, grants and assistance arrangements governed by the Office of Management and Budget (OMB) Circular A-87 and *Education Department General Administrative Regulations (EDGAR)* 34 CFR 75.560 - 75.580 and 76.560 - 76.580. The rates set by the CSDE serve as the sole basis for budgeting and allocating indirect cost reimbursement under federal and state programs.

Please note that the state fiscal year 2009-2010 rates are based on audited expenditures for state fiscal year 2007-08, and that the classification of the audited expenditures must be in conformance with the publication *Financial Accounting for Local and State School Systems 2003*. Failure to comply with the classification of the expenditures as required may result in single audit questioned costs related to indirect cost recovery. You are not required to develop an indirect cost proposal for your district. However, if you choose not to develop a proposal, your district will not be allowed to recover any indirect costs related to federal or state grants. To recover any indirect costs for the administration of federal or state grants, your district must have an approved indirect cost rate.

Any LEA wishing to submit an indirect cost proposal must use the methodology explained in the *Local Education Agency Federal Indirect Cost Proposals* booklet dated February 2003. The booklet is available on the State Department of Education Web site (<http://www.sde.ct.gov/>). Please refer to "Most Popular Links," click on "More..." and then "Indirect Cost Proposals." The completed application should be forwarded to:

Connecticut State Department of Education
Bureau of Fiscal Services
P.O. Box 2219, Room 315
Hartford, CT 06145-2219

If you have any questions concerning LEA indirect cost proposals, or indirect costs in general, you may call Donald Bernard at 860-713-6644.