



UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

March 23, 2010

Honorable Jodi Rell  
Governor of Connecticut  
State Capitol  
Hartford, CT 06106

Dear Governor Rell:

This letter is in response to your letter to Secretary Arne Duncan in which you expressed concerns regarding the description of Connecticut's use of funds under the State Fiscal Stabilization Fund (SFSF) program in the September 30, 2009, alert memorandum issued by the Office of Inspector General in the U.S. Department of Education (Department).

The data that Connecticut has provided to us to date indicates that the State is complying with the maintenance-of-effort requirement under the American Recovery and Reinvestment Act of 2009 (ARRA). Specifically, in both its application for initial funding under SFSF and its Phase 2 SFSF application, Connecticut has provided data indicating that, for each of fiscal years (FYs) 2009, 2010, and 2011, the levels of State support for elementary and secondary education and for public higher education are at least as great as the respective levels of such support for FY 2006.

Regarding the Race to the Top and other discretionary grant competitions, we have consistently advised States that the Department would take into consideration in awarding grants whether a State made disproportionate cuts to education. Our April 1, 2009, "Guidance on the State Fiscal Stabilization Fund Program" indicated that, when making awards under the Race to the Top program, the Department might consider whether a State had reduced the proportion of total State revenues spent on education. In fact, in the notice of final priorities, requirements, definitions, and selection criteria for the Race to the Top program, published in the *Federal Register* on November 18, 2009, we require that a State indicate in its application whether its level of support for education, as a percentage of total State revenues, differed in FY 2009 from FY 2008, and we established a related selection criterion based on this information regarding whether the State has made education funding a priority.

On November 6, 2009, the Connecticut Governor's Office provided the Department with information that indicated that, while maintaining support for elementary and secondary education and public higher education at least at the FY 2006 levels, the State had reduced the percentage of total State revenues spent on education, in the aggregate, from FY 2008 to FY 2009. Such reduction is one of the factors that is taken into consideration in awarding Race to the Top funds. However, to the extent a State is still meeting the SFSF maintenance-of-effort

requirements, the reduction does not affect a State's eligibility to compete for Race to the Top funds.

Although we have taken appropriate steps to discourage States from reducing education funding, we fully recognize that SFSF funds are intended to help stabilize State and local budgets. We further recognize that in order to minimize and avoid reductions in education and other essential services, especially given the current economic climate, States are forced to make difficult budgetary decisions and choices about the extent of State support for education and other vital public services.

Finally, you asked that we take action to ensure that ARRA guidance is consistently interpreted by all employees within this Department. Please be advised that, although the Office of Inspector General (OIG) is a unit within the U.S. Department of Education, the legislation that established OIG, as with laws authorizing Inspectors General in other Federal agencies, gives that office considerable independence and autonomy in conducting audits and investigations and in issuing reports and memoranda.

If you have any further questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony W. Miller', written in a cursive style.

Anthony W. Miller