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Joshua P. Starr, Ed.D., Superintendent of Schools

To: Mayor Dannel Malloy  
From: Joshua P. Starr  
Re: Education Cost Sharing 2009-10  
Date: May 7, 2009

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The following letter signifies the Board of Education's intent to work with the City of Stamford to address the City's potential revenue shortfall in 2009-10, should the final State of Connecticut budget allow for a portion of the 2009-10 ECS money to go directly to Local Education Authorities (LEA), which, in this case, is the Stamford Public Schools (SPS). As you know, this circumstance would be a departure from current practices regarding ECS money, which are counted on the City-side of the budget as revenue and do not go directly to SPS.

By way of background, it first became known to the Stamford Board of Education that a portion of the 2009-10 ECS allocation would likely go to local school districts on April 15, 2009, at a presentation by the Commissioner of Education. I attended that meeting, along with Board of Education members Susan Nabel, Julia Wade, Jackie Heftman and Angela Lorenti, and Board of Representatives member Polly Rauh. Immediately after that meeting I contacted Sandy Dennies to ask her if she was aware that the Governor had flat-funded ECS for 2009-10 by using Federal Stimulus (ARRA) dollars to comprise approximately fourteen percent of the total allocation. For the City of Stamford, fourteen percent is a little over \$1 million. Ms. Dennies was not aware of that – nor could she have been since it had not been announced anywhere else. This, obviously, puts the City in a difficult position.

Since this money is being funded by ARRA and is intended to go directly to LEA's, one can assume that it is subject to the same accountability requirements as other ARRA monies – increasing student achievement and saving jobs. Herein lies the quandary that the Board of Education faces; if the monies are intended to be spent by LEA's on ARRA requirements, and if the money is subject to the same accountability requirements as other ARRA monies, particularly the rule to "Supplement not Supplant," then the Board of Education may not be able to meet those requirements if the approximately \$1 million is given over to the city to account for the projected revenue shortfall.

Simply put, there is a great deal of uncertainty regarding the money, which will likely not be resolved until the State budget is set and/or the State receives official notification from the Federal government as to whether it is allowed to be used as the State intends. Should the money flow directly to the Board of Education, and if it is allowable within State and Federal statutory rules and regulations, it could possibly be used to offset education-related city provided services. Since that is still unknown, it would not be prudent at this time for the Board of Education to enter into a binding agreement to give the ECS money to the City. In the event that the ECS money that may come directly to the LEA cannot be used for the purposes outlined above, I recommend a commission be established between the BoR, BoE, BoF and City to determine what can be done to help the city with its projected revenue shortfall.

Please let me know if you would like to discuss this further.

Attachment: Letter of Intent

Cc: Members, Board of Education  
Members, Board of Representatives  
Members, Board of Finance  
Sandy Dennies  
Hugh Murphy  
Mara Siladi

## **LETTER OF INTENT**

Whereas the City of Stamford is finalizing its appropriation to the Stamford Board of Education in accordance with Connecticut General Statutes, Section 10-222, and

Whereas the budget process has already resulted in a \$5,820,000 reduction to the Board of Education budget by the Board of Finance, and a \$500,000 proposed reduction by the Fiscal Committee of the Board of Representatives, which will cause reductions in staff and in programs to the detriment of the Stamford Public Schools, and

Whereas there are significant financial constraints on the City this year, and

Whereas the City is expecting to receive the same ECS funding in 2009-2010 as was the case in 2008-2009 and has built its revenue projections on that expectation, and

Whereas the Governor has proposed flat funding of the ECS grant in her proposed budget by allocating funds anticipated from the United States government through the American Recovery and Reinvestment Act (ARRA) to make up 14.34% of the total, and

Whereas fourteen percent of ECS funds anticipated by the City and Board of Education in Stamford equals \$1,083,084, and

Whereas it is possible that these ECS funds attributable to the ARRA will be appropriated directly to the Board of Education, which would result in a shortfall in City anticipated revenue in the same amount, and

Whereas the requirements for the use of the ECS funds derived from the ARRA have not yet been set, and

Whereas there is uncertainty whether the Board will be able to expend such funds for purposes already identified in the budget or whether the Board will be required to expend these funds for other purposes as may be dictated by the ARRA and implementing regulations and guidelines,

Whereas the Board of Education wishes to cooperate with the City to assure that any such funds may offset any reduction of ECS funds to the City, if such offsetting is legally permissible,

Now therefore, the City of Stamford and the Stamford Board of Education hereby agree as follows:

1. The appropriation by the City to the Board of Education shall include the \$1,083,084 described above, which as may be funded through ARRA moneys as

the Governor has proposed and as the General Assembly may ultimately adopt in the state budget.

2. Should these funds be included in the ECS funds the City receives, the concerns that this Letter of Intention addressed shall be deemed resolved, because there will be no revenue shortfall on account of ECS funding.
3. Should these funds be appropriated directly to the Board of Education, it is the intention of the parties to address the resulting revenue shortfall as follows:
  - a. To the extent that the Board of Education is permitted by the ARRA and/or implementing regulations or guidelines to expend these funds on items already included in its operating budget, the Board of Education shall allocate these funds to offset expenditures identified in its operating budget estimate, thereby reducing its expenditures in the operating budget by the same amount as these funds. The Board will then transfer these unexpended funds from its appropriation back to the City during the fiscal year 2009-2010 and thereby make up the revenue shortfall that the City would otherwise confront.
  - b. To the extent that the Board of Education is required by the ARRA and/or implementing regulations or guidelines to expend these funds on specific items that are already included in the Board of Education operating budget, such expenditures of ARRA funds shall be made, and the funds in the Board's budget that would otherwise be spent for these purposes will be transferred back to the City during the fiscal year 2009-2010 to make up the revenue shortfall that the City would otherwise confront.
  - c. To the extent that the Board of Education is required by the ARRA and/or implementing regulations or guidelines to expend these funds on items that are not already included in the Board of Education operating budget, the Board will comply with its statutory and regulatory obligations to expend such funds in the manner dictated by the ARRA and/or implementing regulations or guidelines. Given that these funds will not be available to the Board of Education to achieve the objectives identified in its budget, the Board of Education will expend its appropriation to implement the budget as proposed in accordance with Conn. Gen. Stat. Section 10-222, and the ARRA funds will be expended above and beyond the established budget as may be required by federal or state law.
4. Given the uncertainties here, the parties concur that it is not possible for them to sign a legally-binding agreement. However, the parties wish to document their intentions here so that they may be guided by these principles in their implementation of the budget for the 2009-2010 fiscal year in their responses to actions still to be taken by the state and federal governments.

5. Should the Board of Representatives reduce the Board of Education proposed 2009-10 budget by the expected \$1,083,084 in ARRA funds, this letter will be null and void. Additionally, in such a case, it is expected that the City of Stamford will support the Board of Education's request to the Board of Finance and Board of Representatives for a supplemental appropriation, as stated by Director of Administration Sandy Dennies, on May 6, 2009.

In witness whereof, the parties have had their duly authorized representatives sign this Letter of Intention this \_\_ day of May, 2009.

CITY OF STAMFORD

By \_\_\_\_\_

STAMFORD BOARD OF EDUCATION

By \_\_\_\_\_