

March 25, 2011

The Honorable Mark Dayton

Office of the Governor
130 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Governor Dayton:

During the week of September 6, 2010, staff from the State Fiscal Stabilization Fund (SFSF) program from the U.S. Department of Education conducted the first of two monitoring reviews of your State's implementation of the SFSF program. Your State's SFSF contacts were extremely helpful in coordinating and responding to this desk review.

During the monitoring review, we discussed your State's policies, procedures, and activities related to the SFSF program. We spoke with officials at local educational agencies (LEAs) and public institutions of higher education (IHEs) that have received Education Stabilization Fund grants, as well as with representatives of entities that have received Government Services Fund grants. A complete description of the scope of the monitoring review and the SFSF monitoring protocols are available on the Department's website at: www.ed.gov/programs/statestabilization/applicant.

The Department found that the State implemented the program expeditiously and effectively in order to meet the financial needs of LEAs, IHEs and other State agencies. This report demonstrates Minnesota's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency. The Department commends the State for developing thorough monitoring protocols to ensure sub-recipients are complying with the SFSF requirements. Throughout the monitoring process, sub-recipients commented on the responsiveness of the State and were appreciative of the assistance provided to them.

The Department identified one issue regarding the fiscal oversight of funds. Specifically, the State included a potentially unallowable accounting code in the LEA SFSF budget application. The State followed up promptly by resolving this issue and removing the accounting code from the application. Because the State has taken the actions noted above, there are no outstanding issues for the State to resolve. The Department also recommends that the State develop and share a long term monitoring schedule that includes anticipated dates for monitoring and the final report publication to ensure sub-recipients have adequate notice to prepare for an effective review and knowledge about monitoring timelines.

The Department is grateful for the cooperation and responsiveness of the staff in Minnesota. Monitoring not only helps States to achieve high-quality implementation, but also helps the Department to improve its role as an advisor and partner with States in this effort. As we work together, we want this process to be interactive and helpful.

We will be contacting your office in the future to schedule an on-site monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in Minnesota who are working on this critical educational initiative.

Sincerely,

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Ann Whalen

Deputy Director, Implementation & Support Unit

