



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY

August 26, 2011

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Cuomo:

During the week of August 2, 2010, staff from the State Fiscal Stabilization Fund (SFSF) program from the U.S. Department of Education (Department) 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, Department staff discussed your State's policies, procedures, and activities related to the SFSF program. They spoke with officials at local educational agencies (LEAs) and public institutions of higher education (IHEs) that received Education Stabilization Fund grants, as well as representatives of entities that 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 <http://www.ed.gov/programs/statestabilization/applicant>.

After the monitoring visit, the Department worked collaboratively with the State to resolve any issues that required further action. The results of our review demonstrates New York's commitment to ensuring that the funds were spent quickly, while balancing the need for accountability and transparency.

The Department identified several issues regarding the State's implementation of the program. Specifically, during the review, the Department was unable to determine that New York had successfully ensured that all of its subrecipients used SFSF funds for allowable activities, complied with the principles of cash management, and established systems to track and account for the use of funds.

<http://www.ed.gov>

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

In the months since the monitoring review, the Department has worked closely with the State to resolve these issues by requiring additional source documentation, monitoring plans, and the implementation of an interest collection plan. Staff within the New York State Division of the Budget acted quickly and were extremely responsive in their follow up efforts. They provided additional source documentation to the Department and conducted a number of follow up monitoring activities with their subrecipients. Because the State has taken the actions above and clearly indicated the outstanding interest it is working to collect and remit, there are no outstanding issues for the State to resolve. The Department will follow up on these issues and subsequent actions taken by the State during its next onsite visit to ensure that the State has continued to adhere to the policies and procedures it has been implementing since the Department's review and to remit any interest on at least a quarterly basis.

During the monitoring review, subrecipients commented on the responsiveness of the State and expressed appreciation for the assistance provided to them. Furthermore, the Department is grateful for the cooperation and responsiveness of the staff in New York. 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 the second monitoring review of the State's implementation of the SFSF program. We look forward to collaborating with you and the other officials in New York who are working on this critical educational initiative.

Sincerely,

Ann Whalen
Director, Policy and Program Implementation
Implementation and Support Unit

cc: Lisa Timoney, New York State Division of the Budget
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