



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

Chicago/Kansas City Audit Region

111 N. Canal St. Ste. 940  
Chicago, IL 60606-7297  
Phone (312) 886-6503  
Fax (312) 353-0244

8930 Ward Parkway, Ste 2401  
Kansas City, MO 64114-3302  
Phone (816) 268-0500  
Fax (816) 823-1398



August 23, 2005

Control Number  
ED-OIG/A07F0003

Dr. Randy J. Dunn  
Interim State Superintendent  
Illinois State Board of Education  
100 N. 1<sup>st</sup> Street  
Springfield, IL 62777

Dear Dr. Dunn:

This **Final Audit Report**, titled *Illinois State Board of Education's Compliance with the Public School Choice and Supplemental Educational Services Provisions of the No Child Left Behind Act*, presents the results of our audit. The objectives of our audit were to determine if, for the 2004-2005 school year, (1) the Illinois State Board of Education (ISBE) had an adequate process in place to review local educational agency (LEA) and school compliance with the Adequate Yearly Progress (AYP), Public School Choice, and Supplemental Educational Services (SES) provisions of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act of 2001 (Act), and the implementing regulations; (2) LEAs provided to students attending schools identified for improvement (failed AYP two consecutive years), corrective action, or restructuring the option of attending another public school; and (3) LEAs provided SES to students attending schools that failed to make AYP while identified for improvement, corrective action, or restructuring. To achieve these objectives, we reviewed policies and procedures at ISBE and six judgmentally selected LEAs – City of Chicago School District 299 (Chicago), Joliet Public School District 86 (Joliet), Madison Community Unit School District 12 (Madison), Rockford School District 205 (Rockford), Rock Island School District 41 (Rock Island), and Waukegan Community Unit School District 60 (Waukegan).

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## BACKGROUND

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Title I, Part A of the Act (P.L. 107-110) significantly increased the choices available to the parents of students attending Title I schools that fail to meet state standards. Beginning with the 2002-2003 school year, the Act provided immediate relief for students in schools that were previously identified for improvement or corrective action under the 1994 reauthorization of the ESEA. LEAs must offer all students attending schools identified for improvement, corrective action, or restructuring the choice to attend a public school (including public charter schools) not

identified for improvement, corrective action, or restructuring.<sup>1</sup> Schools that fail to make AYP while identified for improvement, corrective action, or restructuring are required to offer SES to low-income students. SES providers must be approved by the state and offer services tailored to help participating students meet state academic standards. To help ensure that LEAs offer meaningful choices, the Act requires an LEA to spend at least an amount equal to 20 percent of its Title I allocation to provide transportation to the school of choice and SES to eligible students, unless a lesser amount is needed to satisfy all demand. The LEA must spend a minimum of an amount equal to five percent of its Title I allocation on transportation and five percent of its allocation on SES, if the amount is needed.

The U.S. Department of Education allocated \$493,745,204 in Title I funds to ISBE for the 2004-2005 school year. ISBE allocated Title I funds during this period to 805 of its 881 LEAs. ISBE utilized five state assessments, administered in Spring 2004, to determine each school's AYP status for the 2004-2005 school year— Illinois Standards Achievement Test, Prairie State Achievement Examination, Illinois Alternate Assessment, Illinois Measure of Annual Growth in English, and the Terra Nova (administered only to second grade students in Title I schools). Based on the results of these assessments, ISBE provided preliminary and final AYP determinations to the LEAs in letters dated August 13, 2004, and December 10, 2004, respectively.

For the 2004-2005 school year, 655 schools in 138 LEAs were identified as needing improvement, corrective action, or restructuring – 151 schools were in the first year of improvement, 72 schools were in the second year, 14 schools were in the third year, 394 schools were in the fourth year, and 24 schools were in the fifth year. For the six LEAs we reviewed as part of our audit, 6,145 of the 284,527 (2 percent) eligible students at 392 schools exercised their right to school choice. In addition, five of the six LEAs enrolled 1,369 of the 11,583 (12 percent) eligible students at 31 schools required to offer SES.<sup>2</sup>

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## AUDIT RESULTS

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While implementing the Public School Choice and SES provisions of the Act and the implementing regulations for the 2004-2005 school year, ISBE (1) had a clear definition of persistently dangerous schools and a system for identifying persistently dangerous schools; (2) ensured its SES provider application process provided adequate assurance that each SES provider met the State's requirements; (3) identified, approved, and timely disseminated a list of SES providers to LEAs; (4) developed and implemented an electronic monitoring process for

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<sup>1</sup> A school is identified for improvement after failing to make AYP for two consecutive years. A school in its first year of improvement must provide parents with the school choice option. If the school identified for improvement again fails to make AYP (second year of improvement), it must also offer SES to low-income students. If the school identified for improvement fails to make AYP in subsequent years, the school must implement corrective action (third year of improvement) and undergo restructuring (fourth year of improvement).

<sup>2</sup> Chicago offered SES to all students; therefore, the percentage of eligible students that requested SES was not available. As of January 24, 2005, Chicago had 86,795 students enrolled in SES programs. This number includes both eligible and ineligible students at 336 schools (including 2,164 students from eight schools not identified for improvement).

monitoring the quality and effectiveness of SES providers and withdrawing approval from providers that failed to contribute to increasing the academic proficiency of students; and (5) had a system in place for receiving Title I LEA applications to review school choice transportation and SES budgets.

However, ISBE did not have an adequate process in place to determine whether all LEAs actually offered, timely and properly, school choice and SES to all students at all schools who were eligible for these services. Specifically, ISBE did not adequately review LEAs to determine whether (1) school choice and SES parental notification letters were provided to parents, provided timely, and included all required information; and (2) LEAs used SES funds to provide services to eligible students. In addition, ISBE did not provide final AYP results to the LEAs before the start of the 2004-2005 school year. In part, as a result of ISBE's inadequate process, all six LEAs we reviewed did not comply fully with the Public School Choice and SES provisions of the Act and the implementing regulations.

In response to the draft of this report, ISBE concurred with our findings and recommendations with the exception of recommendation 1.3. ISBE outlined various corrective actions already implemented and planned. In response to recommendation 1.3, ISBE provided the comments from Chicago that did not concur with the recommendation. We summarized the comments from Chicago after the recommendation and included ISBE's comments on the draft report in their entirety as an Attachment.

### **FINDING NO. 1 – ISBE Did Not Have an Adequate Process in Place to Review LEAs for Compliance with the School Choice and SES Provisions**

Section 1116 (c)(1)(A) of the Act requires a state to annually review the progress of each LEA receiving Title I funds to determine if each LEA is carrying out its responsibilities under Section 1116 of the Act. For the 2004-2005 school year, ISBE did not have an adequate process in place to determine whether each LEA carried out its responsibilities under the Act and the implementing regulations. Specifically, ISBE did not sufficiently review each LEA to determine whether (1) LEAs offered school choice and SES to all eligible students and only to eligible students, (2) school choice and SES parental notification letters were timely and adequate, and (3) LEAs made all state-approved SES providers serving the geographic area available to parents.

#### **ISBE Needs to Strengthen its Compliance Review Procedures**

For the 2004-2005 school year, ISBE relied primarily on site visits to review LEA compliance with the Public School Choice and SES provisions of the Act and the implementing regulations. ISBE reviews LEAs on a 3-year cycle and, for the 2004-2005 school year, limited its site visits to 60 LEAs with schools identified for improvement, corrective action, or restructuring. During its site visits, ISBE reviews school choice and SES parental notification letters, evidence that priority was given to low-income/low-achieving students, and SES provider agreements. Upon completing a site visit, ISBE issues monitoring reports to the LEAs, requires the LEAs to respond to the findings in the reports within 30 days, and reviews the LEA responses. ISBE closes the review process when a corrective action agreement is reached with the LEA.

For the 2004-2005 school year, ISBE did not have additional review processes in place to strengthen or broaden the impact of its site visits to ensure all LEAs complied with the Act and the implementing regulations. For example, ISBE did not require the LEAs to submit school choice and SES parental notification letters to ISBE prior to the LEA sending the letters to the parents. In addition, ISBE does not provide the results of its reviews to all LEAs. By reviewing the LEAs' parental notification letters and sharing the results of its reviews with all LEAs, ISBE could help other LEAs avoid the types of non-compliance disclosed by its reviews.

At the time of our fieldwork (Fall 2004), ISBE had reviewed five<sup>3</sup> of the six LEAs we reviewed. ISBE's reviews identified issues at four<sup>4</sup> of the five LEAs. ISBE's reviews disclosed one issue that our review disclosed (untimely parental notification letters by Rockford and Madison). However, our reviews disclosed additional issues that ISBE did not identify. We identified deficiencies in the school choice parental notification letters that ISBE's reviews did not identify (Joliet, Rock Island, and Waukegan).

Had ISBE's review process been adequate, it could have reduced the risk of the following:

**Six LEAs Had School Choice Notification Letter Deficiencies or Untimely Letters**

- Two LEAs (Chicago, Rockford) did not notify all parents of eligible students that their children were eligible for school choice and, therefore, did not offer school choice to parents who did not receive the notification. Chicago did not notify parents of students entering kindergarten, 8<sup>th</sup> graders moving into 9<sup>th</sup> grade, and high school students. Rockford did not notify parents of students in 6<sup>th</sup> through 8<sup>th</sup> grade at two schools.
- None of the six LEAs (Chicago, Joliet, Madison, Rockford, Rock Island, Waukegan) provided information on the academic achievement of the schools to which a student may transfer or a comparison to the student's current school.
- Two LEAs (Madison and Rockford) did not offer school choice in a timely manner.
- One LEA (Madison) did not provide school choice information directly to parents through such means as regular mail.

By not including the required information in their school choice parental notification letters, the LEAs did not comply with Section 1116 (b)(6) and (b)(1)(E) of the Act and 34 C.F.R. §§ 200.37(b) and 200.36(c).<sup>5</sup> LEAs must promptly notify the parents of each student enrolled when a school is identified for improvement, corrective action, or restructuring. The notice, among other requirements, must include (1) an explanation of how the school compares in terms of academic achievement to other schools served by the LEA and state educational agency; (2) an explanation of the parents' option to transfer their child to another public school; (3) identification of the schools to which a child may transfer and information on the academic achievement of those schools; and (4) an offer to provide or pay for transportation for the student to another public school. In addition, for a school identified for improvement, corrective action, or restructuring, the LEA must provide school choice no later than the first day of the school year following identification. Finally, the LEA must provide the information to parents directly through such means as regular mail.

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<sup>3</sup> ISBE officials stated they planned to visit Chicago in January 2005.

<sup>4</sup> ISBE had findings at Joliet, Madison, Rockford, and Waukegan.

<sup>5</sup> All regulatory citations are as of July 1, 2004.

Because the LEAs provided deficient parental notification letters, parents were not fully informed about the status of their child's schools and could not make fully informed decisions regarding whether to transfer their child from schools identified for improvement, corrective action, or restructuring. The LEAs provided deficient parental notification letters for various reasons. Rockford officials decided not to offer school choice until final AYP results were released (December 2004) because they did not want to make a mistake on reporting a school's status. In addition, Rockford did not have any eligible school choice options for middle school students so Rockford officials thought offering those students SES was sufficient. Officials for three LEAs (Rockford, Rock Island, and Joliet) stated that not including academic information in the parental notification letters was an oversight, while Chicago officials believed that providing the academic information via a website included in the notification was sufficient. A Waukegan official informed us that Waukegan did not include academic information because it sent notifications based on preliminary data and did not want to report information that could be inaccurate. Conversely, Madison officials were unaware of the requirement to include academic information in the notification. They also made a decision to provide school choice parental notification letters after the beginning of the school year so that parents could attend open houses at its schools prior to the choice notification distribution. Madison officials informed us that principals were instructed to mail the notifications to parents. However, only one of the three schools in our sample mailed the parental notification letters.

#### **Six LEAs Had SES Notification Letter Deficiencies**

- One LEA (Joliet) did not provide parental notification of SES to the parents of all eligible students and therefore did not offer SES to all eligible students. In addition, Joliet provided a list of students eligible for SES to its one provider without obtaining prior written permission of the parents.
- Two LEAs (Chicago and Madison) did not provide SES information directly to parents through such means as regular mail, which would allow parents to make their SES provider selection via mail.
- Three LEAs (Joliet, Rock Island, Madison) did not identify all state-approved SES providers within or near the LEA.
- All six LEAs (Chicago, Joliet, Madison, Rockford, Rock Island, Waukegan) did not provide a description of each provider's qualifications and demonstrated effectiveness. For one LEA (Chicago), which delegated sending the SES letters to the individual schools, we could not determine whether one of three schools reviewed sent the letter to eligible parents. The other two Chicago schools did not list the services of each available provider.

By not offering SES to all eligible students, Joliet did not comply with Section 1116 (e)(1) or (e)(2)(D) of the Act. An LEA serving schools identified for improvement, corrective action, or restructuring is required to arrange SES for eligible students in the school and cannot disclose to the public the identity of any student who is eligible for SES without the written permission of the parents of the student.

By not including the required information in their SES parental notification letters, the six LEAs did not comply with Section 1116 (e)(2)(A) of the Act and 34 C.F.R. §§ 200.37 and 200.36(c). LEAs are required to provide, at a minimum, annual notice to parents of (1) the availability of services and how parents can obtain the services for their children; (2) the identity of approved providers within or near the LEA; and (3) a brief description of the services, qualifications, and

demonstrated effectiveness of each provider. LEAs are required to provide the information to parents directly through such means as regular mail.

By denying SES to eligible students, Joliet did not allow these students to take advantage of SES, which could have improved their academic achievement. Joliet did not provide SES to all eligible kindergarten, first, and second grade students at two of its schools because officials thought the district offered plenty of tutorial type programs for students in those grades. Joliet officials were not fully aware of the requirement to obtain parent permission before releasing the names of students eligible for SES to providers.

Because the LEAs provided deficient SES parental notification letters, parents did not have all the information needed to make fully informed decisions regarding SES. The LEAs did not identify all state-approved SES providers within or near the LEA for various reasons. One LEA (Joliet) determined that a provider was located too far from the LEA to be a viable option for parents. Another LEA (Rock Island) determined that providers that did not submit satisfactory LEA-generated provider profile information for its review would not be included. A third LEA (Madison) was not fully aware of the SES provider identification requirement.

Five LEAs (Chicago, Joliet, Madison, Rockford, and Waukegan) omitted information regarding the descriptions of each provider's qualifications and evidence of effectiveness because they were not fully aware of all the information required in the parental notification letters. A sixth LEA (Rock Island) contacted each provider and requested information on the qualifications and evidence of effectiveness but not all providers responded to the request for information. Rock Island officials informed us they also requested the information from ISBE but ISBE denied the request, deeming it the district's responsibility.

Two LEAs (Chicago and Madison) did not provide SES information directly to parents through regular mail because officials at one LEA (Chicago) believed that sending information through the mail was an ineffective method for communicating with parents. Officials at the other LEA (Madison) informed us that some school principals did not follow their instructions to send the information through the mail. Our follow up with school principals at the three Madison schools in our sample disclosed that only one of the three school principals mailed parental notification letters directly to parents.

Had ISBE provided sufficient guidance to the LEAs before the start of the 2004-2005 school year, the LEAs might have provided adequate SES parental notification letters. When we brought the above instances of non-compliance to their attention, ISBE officials stated that they would provide the LEAs with guidance and monitor them to ensure compliance with the provisions of the Act. ISBE officials also stated that they are looking at the possibility of placing the SES provider applications on the ISBE web site, which would indicate the providers' qualifications and evidence of effectiveness.

#### **One LEA Did Not Ensure Proper Use of SES Funds**

Chicago did not ensure that funds set aside for SES were used only to provide services to eligible students. Chicago offered SES to all students, including students at eight schools that were not identified for improvement.

Pursuant to Section 1116 (e)(12)(A) of the Act, only low-income students who are attending a school required to provide SES are eligible for those services. Chicago officials were aware that ineligible students were offered SES and stated they have “built in audit mechanisms” to prevent charging services provided to ineligible students against Title I funds set aside for SES. Chicago provided a description of the process it follows to ensure proper usage of SES funds, but did not provide documentation confirming that the process had actually been implemented for the 2004-2005 school year. Using SES funds to serve ineligible students could have an effect on Chicago’s ability to provide SES to eligible students in the future.

### **Recommendations**

We recommend that the Assistant Secretary for Elementary and Secondary Education, in collaboration with the Assistant Deputy Secretary for Innovation and Improvement —

- 1.1 Require ISBE to improve its process for reviewing LEAs’ compliance with the Public School Choice and SES provisions of the Act and the implementing regulations. Specifically, ISBE should implement a process to review LEAs for compliance with the requirements to (1) offer school choice and SES to eligible students and only to eligible students, (2) provide timely and adequate parental notifications of school choice and SES, and (3) allow parents to choose from all state-approved SES providers in the LEAs geographic area.
- 1.2 Require ISBE to implement additional procedures to provide adequate and timely guidance to LEAs. These additional procedures could include (a) requiring LEAs to submit parental notification letters for review before sending them to parents and (b) disseminating the results of monitoring site visits to all LEAs, not just the LEA ISBE reviewed.
- 1.3 Require ISBE to confirm that Chicago quantified how many ineligible students were provided SES and restored the funds attributable to the ineligible students to its Title I program.

### **Auditee Comments**

In response to recommendation 1.3, ISBE provided comments from Chicago that did not concur with the recommendation. Chicago stated that it ensured funds were set aside for SES and that these funds were used to provide services only to eligible students. Chicago indicated it has audit mechanisms in place to prevent charging services for ineligible students and outlined the protocol it used to ensure proper usage of SES funds. ISBE offered no comment as to corrective action taken or planned to address recommendation 1.3.

### **OIG Response**

The comments provided by Chicago did not cause us to change recommendation 1.3. While Chicago may have audit mechanisms and a protocol to prevent charging services for ineligible students, it did not provide us with documentation to support that funds set aside for SES were used only to provide services to eligible students.

**FINDING NO. 2 – ISBE Did Not Provide Final State Academic Assessment Results to LEAs Before the Start of the 2004-2005 School Year**

Section 1116 (a)(2) of the Act requires ISBE to provide state academic assessment results to the LEAs before the start of the school year that follows the school year in which the assessments were administered. ISBE did not notify LEAs of their schools' final AYP status until after the start of the 2004-2005 school year. State assessment tests were administered in March and April 2004. ISBE provided preliminary AYP determinations to LEAs in a letter dated August 13, 2004, and posted the determinations on its website. ISBE provided final AYP determinations to LEAs in letters dated December 10, 2004.

Without final AYP determinations prior to the start of the school year, LEAs were unable to identify with certainty schools in improvement, corrective action, or restructuring before the start of the school year (Section 1116 (b)(1) of the Act). LEAs that used preliminary results risked reporting schools' status inaccurately and offering school choice and SES to ineligible students.

According to ISBE officials, numerous errors in participant numbers, demographic numbers, and status of students (e.g., low income, limited-English proficient) tested occurred. ISBE provided LEAs several opportunities to correct data errors between July 6, 2004 and December 13, 2004 by opening correction windows. For the 2005-2006 school year, ISBE officials stated that ISBE has initiated several corrective actions to address late notification to LEAs of schools and districts in need of improvement. ISBE's corrective actions include: (1) three time periods during which districts have an opportunity to clean up data discrepancies; (2) on a daily basis during the first time period, ISBE provided updated discrepancy checks to districts through the Illinois Web Activation System to assist districts in correcting data errors; (3) beginning in the 2005-2006 school year, all districts will use the Student Information System (SIS). SIS is a system in which statewide ID numbers are created for every student and demographic information is included. ISBE officials believe that by merging assessment data with the SIS, most data discrepancies will eventually be eliminated. In addition, ISBE officials stated that ISBE is working to produce a TOOLKIT, which would include sample letters for schools and districts to send to parents for notification of school choice and SES. Officials did not indicate when TOOLKIT production would be completed and implemented.

**Recommendation**

We recommend that the Assistant Secretary for Elementary and Secondary Education, in collaboration with the Assistant Deputy Secretary for Innovation and Improvement —

- 2.1 Confirm that ISBE (a) implements its corrective actions for the 2005-2006 school year and (b) provides final AYP assessment results to the LEAs before the beginning of each school year.

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## OBJECTIVES, SCOPE, AND METHODOLOGY

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The objectives of our audit were to determine if, for the 2004-2005 school year, (1) ISBE had an adequate process in place to review LEA and school compliance with the AYP, Public School Choice, and SES provisions of the Act and the implementing regulations; (2) LEAs provided to students attending schools identified for improvement (failed AYP two consecutive years), corrective action, or restructuring the option of attending another public school; and (3) LEAs provided SES to students attending schools that failed to make AYP while identified for improvement, corrective action, or restructuring. Our review of ISBE's AYP process focused solely on the timeliness of providing AYP determinations to LEAs.

To achieve our objectives, we reviewed selected provisions of the Act and the implementing regulations. We also interviewed officials from ISBE and six LEAs. In addition, we reviewed documents provided by ISBE, including (1) the ISBE organization chart; (2) documents related to compliance with the Act's provisions related to AYP, the identification of persistently dangerous schools, school choice, and SES; (3) *Illinois State Board of Education Accountability Workbook*, May 2004 Revision; and the (4) *State of Illinois Single Audit Report For the Year Ended June 30, 2003*.

To assess compliance with the Public School Choice and SES provisions of the Act and the implementing regulations, we judgmentally selected 6 LEAs from a universe of 138 Illinois LEAs that had schools identified for improvement, corrective action, or restructuring for the 2004-2005 school year. We selected the six LEAs — 1 large (Chicago), 3 medium (Rockford, Joliet, and Waukegan), and 2 small (Rock Island and Madison) — based on total student enrollment. We defined a large LEA as one with a student enrollment of 10,000 or more, a medium LEA as one with a student enrollment of 1,000 through 9,999, and a small LEA as one with a student enrollment of 999 or less.

For each of the six selected LEAs, we reviewed documentation related to the LEAs' compliance with the Public School Choice and SES provisions of the Act and the implementing regulations. The documentation included (1) school choice and SES parental notification letters sent by the six LEAs;<sup>6</sup> (2) documentation related to the number of students eligible for and participating in school choice and SES; and (3) documentation related to school choice transportation expenditures. Our review of school choice and SES parental notification letters focused on selected provisions of the Act and the implementing regulations.

For the school choice parental notification letters, we determined (1) whether parents were notified in a timely manner; and (2) whether the notice, at a minimum, (a) informed parents that their children were eligible to attend another public school due to the identification of the current school as in need of improvement; (b) identified each public school, which could include charter schools, that the parent could select; (c) explained how the school compared in terms of

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<sup>6</sup> Because Chicago relied on its schools to develop and provide SES notification letters to parents, we selected a sample of schools to test the notification letters for compliance with the law and regulations. Madison relied on its schools to provide the school choice/SES letters to parents so we selected a sample of schools to test for compliance with the law and regulations.

academic achievement to other schools served by the LEA and ISBE; (d) included information on the academic achievement of the schools that the parent could select; and (e) clearly stated that the LEA would provide, or pay for, transportation for the student.

For the SES parental notification letters, we determined (1) whether parents were notified of SES and given comprehensive, easy-to-understand information about SES; and (2) whether the notice, at a minimum, (a) identified each approved service provider within the LEA, in its general geographic location, or accessible through technology such as distance learning; (b) described the services, qualifications and evidence of effectiveness of each provider; (c) described the procedures and timelines that parents must follow in selecting a provider to serve their children; and (d) was easily understandable, in a uniform format, and, to the extent practicable, in a language the parents could understand. If the LEA had insufficient funds to serve all students eligible to receive services, we also determined whether the SES parental notification letter included information on how the LEA would set priorities to determine which eligible students would receive services.

As part of our audit, we also gained an understanding of ISBE's system of internal control over LEA compliance with the Public School Choice and SES provisions of the Act and the implementing regulations. Though we did not assess the adequacy of ISBE's system of internal control, our compliance testing at six LEAs disclosed instances of non-compliance that might have been caused, in part, by weaknesses in ISBE's system of internal control. These weaknesses are related to ISBE's monitoring of LEAs to determine whether (1) school choice and SES parental notification letters were provided to parents, provided timely, and included all required information; and (2) LEAs used SES funds to provide services to eligible students. These weaknesses and instances of noncompliance are discussed in the AUDIT RESULTS section of this report.

We performed our audit work at ISBE's administrative offices in Springfield, Illinois, the administrative offices of the six LEAs reviewed, and our Kansas City office from October 2004 through May 2005. We discussed the results of our audit with ISBE officials on May 20, 2005. We performed our audit in accordance with generally accepted government auditing standards appropriate to the scope described above.

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## ADMINISTRATIVE MATTERS

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Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective actions to be taken will be made by the appropriate Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department officials, who will consider them before taking final Departmental action on this audit:

Dr. Henry L. Johnson, Assistant Secretary  
Office of Elementary and Secondary Education  
U.S. Department of Education  
Federal Building No. 6, Room 3W315  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202

Nina S. Rees, Assistant Deputy Secretary  
Office of Innovation and Improvement  
U.S. Department of Education  
Federal Building No. 6, Room 4W317  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202

It is the policy of the U.S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,



Richard J. Dowd  
Regional Inspector General for Audit



# Illinois State Board of Education

100 North First Street • Springfield, Illinois 62777-0001  
www.isbe.net

Rod Blagojevich  
Governor

Jesse H. Ruiz  
Chairman

Dr. Randy J. Dunn  
State Superintendent of Education (Interim)

July 19, 2005

Mr. Richard J. Dowd  
Regional Inspector General for Audit  
U. S. Department of Education  
Office of Inspector General  
111 N. Canal Street, Suite 940  
Chicago, Illinois 60606-7297

Dear Mr. Dowd:

I received the Office of Inspector General's Draft Audit Report, titled *Illinois State Board of Education's Compliance with the Public School Choice and Supplemental Education Service Provisions of the No Child Left Behind Act* on June 27, 2005.

Enclosed are the Illinois State Board of Education responses to the findings and recommendations made by your audit team.

If you need more information or clarifying information, please contact Donna Luallen, at 217-782-2948.

Sincerely,  
  
Randy J. Dunn  
State Superintendent of Education (Interim)

Enclosure

cc: Peggy Montgomery, Office of Inspector General  
Annette Kneib, Office of Inspector General

**FINDING NO. 1 – ISBE Did Not Have an Adequate Process in Place to Review LEAs for Compliance with the Public School Choice and SES Provisions**

**Recommendations:**

We recommend that the Assistant Secretary for Elementary and Secondary Education, in collaboration with the Assistant Deputy Secretary for Innovation and Improvement --

- 1.1 Require ISBE to improve its process for reviewing LEA compliance with the Public School Choice and SES provisions of the Act and the implementing regulations. Specifically, ISBE should implement a process to review LEAs for compliance with the requirements to (1) offer public school choice and SES to eligible students and only to eligible students, (2) provide timely and adequate parent notifications of public school choice and SES and (3) allow parents to choose from all state-approved SES providers in the LEA's geographic area.
- 1.2 Require ISBE to implement additional procedures to provide adequate and timely guidance to LEAs. These additional procedures could include (a) requiring LEAs to submit parental notification letters for review before sending them to parents and (b) disseminating the results of monitoring site visits to all LEAs, not just the LEAs ISBE reviewed.
- 1.3 Require ISBE to confirm that Chicago #299 quantified how many ineligible students were provided SES and restored the funds attributable to the ineligible students to its Title I program

**ISBE RESPONSE**

Illinois has taken a number of steps forward to ensure that subsequent SEA administrative actions, including notification letters, are in place for 2005-06. Illinois began helping districts with SES providers in fall 2002, with the initial list of Board-approved providers available as of December 2002, and we have continued to evolve and improve the system.

ISBE had a lengthy discussion of the entire system of SES at its June 2005 meeting. Rules were approved to move forward as proposed rules as well as emergency rules; a draft toolkit [*Supplemental Educational Services TOOLKIT for Illinois Schools, Districts, Providers and Parents*] was distributed for comments; a revised draft application was distributed, also for comments; and an evaluation and monitoring process was reviewed as well.

- A. ISBE has already mailed a letter to all LEAs with schools in school improvement, identified in December 2004, and to 2005 schools in improvement which must offer choice and/or SES, as of July 11, 2005.
- B. Each LEA must prepare a letter to be delivered to parents of students in Title I schools in school improvement status *on or before* the first day of school containing the following information.
  1. An explanation of what the school improvement identification means.

2. How the school's academic achievement compares to other schools served by the district and State.
  3. The reasons that the school is identified for school improvement.
  4. An explanation of what the school identified for school improvement is doing to address the problems of low achievement.
  5. An explanation of what the district or State is doing to help the school address the achievement problem.
  6. An explanation of how the parents can become involved in addressing the academic issues that caused the school to be identified for school improvement.
  7. An explanation of the parents' option to transfer their child to another public school with transportation provided by the district when required, or to obtain SES for eligible children.
- C. A copy of this local letter in draft form must be submitted to ISBE for review prior to August 19, 2005. ISBE will read, review, correct, and approve letters from the districts and require additional comments where necessary and appropriate. Each letter being sent to parents will be approved if the seven parts listed in B above are included.
- D. ISBE is preparing and will be disseminating the aforementioned toolkit in July 2005. It will be posted on the agency web site.
- E. ISBE has also modified and will be posting the *Application for Supplemental Educational Services Providers*, pursuant to the proposed state rules for SES. That too will be available for use in the next round of applications for providers.
- F. ISBE will have a plan in place and commence monitoring both the provision of public school choice and the provision of SES at the beginning of the 2005-06 school year. Active follow-up will occur on a quarterly basis thereafter.
- G. ISBE has enclosed the sample Choice and SES Letters sent to districts with schools in improvement status.
- H. ISBE has enclosed the responses from the Chicago Public Schools (CPS) sent to the OIG.

**Letter to Districts with Schools in School Improvement Status**

July 11, 2005

District Name  
Superintendent  
Address  
City, State, Zip Code

Dear Superintendent (name):

Section 1116(b)(1)(E) of the No Child Left Behind law requires that each Title I school that does not make Adequate Yearly Progress (AYP) for a third consecutive time must prepare a letter to be delivered to parents on or before the first day of school containing the following information.

- An explanation of what the school improvement identification means.
- How the school compares in terms of academic achievement to other schools served by the LEA and State.
- The reasons for the school being identified for school improvement.
- An explanation of what the school identified for school improvement is doing to address the problems of low achievement.
- An explanation of what the LEA or SEA is doing to help the school address the achievement problem.
- An explanation of how the parents can become involved in addressing the academic issues that caused the school to be identified for school improvement.
- An explanation of the parents' options to transfer their child to another school with transportation provided by the LEA when required or to obtain supplemental education services for eligible children.

In small school districts or if the district has only one school per grade span, the school is required to send the notice and state that no viable public school choice option is available. Where no viable public school choice option is available, the school may move directly to SES during the first year of School Improvement for eligible students.

A copy of the letter the school is sending to parents must also be sent to the Illinois State Board of Education (ISBE). The letter must be reviewed and approved by ISBE. If changes are required to comply with the statute the district and school will be notified. A copy of the letter to parents must be returned to ISBE, Attn: Donna Luallen, Accountability Division, by August 19, 2005

Approval will be given if the required information above is included in the letter. Sample letters are enclosed. For additional information please contact Donna Luallen at 217/782-2948 or e-mail [dluallen@isbe.net](mailto:dluallen@isbe.net).

Sincerely,

Donna Luallen, Division Administrator  
Accountability Division

Enclosures:

Sample Letter: Public School Choice  
Sample Letter: Supplementary Educational Services

**Sample Letter: Public School Choice  
Schools in Years 1-4 of School Improvement Status**

Date

Name  
Address  
City, State, Zip Code

Dear .....

As a result of the federal *No Child Left Behind Act*, your child may have the option to transfer to another school within the district. This has become an option as your child's school is in year (1, 2, 3, or 4) of "school improvement,"

Your child's school being in school improvement means that the school has not made adequate yearly progress on the State measures of academic achievement for at least two years. Our district's report card (enclosed with this letter) shows how your child's school compares to other schools in our district and state. Your child's school has been identified because (list reasons for identification). The school is working to improve the school's academic program by (list what is being done).

The district and the State Board of Education are working with your child's school to help improve the academic standards of the school. This is being accomplished by providing technical assistance to the teachers and administrators within your child's school.

However, this may not be enough and we want to request your help as the school addresses its academic problems. The school would like to invite parents to serve on the committee that will need to develop a school improvement plan. We would also like to involve parents in addressing the academic issues that caused the school to be identified for school improvement.

As a parent you have the option to transfer your child to another public school within the district with transportation provided by the district. A list of these options is enclosed. (If district has a choice agreement with another district, or if no viable option is available, please state here.)

Please call (name and number) if you have any questions about these services. You may also join us to talk about your options on (date and place) to help you decide what is best for your child.

Thank you,

District Official

Enclosures: School Report Card, List of schools available for student transfers

**Sample Letter: Supplementary Educational Services  
Sent only to parents of students receiving free or reduced lunch  
Schools in Years 2-4 of School Improvement Status**

Date

Name  
Address  
City, State, Zip Code

Dear .....

Help your child succeed in school—sign up for free tutoring! As a result of the federal *No Child Left Behind Act* your child can receive extra help in the areas of math, reading, and language arts. You can receive this free tutoring because your child's school is in its second year or later of school improvement and you family meets the income limits under the law.

Your child's school has been identified for improvement because it has not made adequate yearly progress on state measures of academic achievement for at least three years. Our district's report card (enclosed with this letter) shows how your child's school compares to other schools in our district and state. Your child's school has been identified because (list reasons for identification). We will be sending you more information in a few weeks about how you can help us improve the school in these areas.

For now, you can choose a free tutoring program that is best for your child. A list of approved tutoring programs in your area is enclosed. These programs have been approved by the Illinois State Board of Education and will provide your child with tutoring that is coordinated with what is being taught in school.

When deciding which tutoring program is best for your child, you may want to ask these questions:

- When and where will the tutoring take place (at school, home, community center)?
- How often and for how many hours in total will your child be tutored?
- What programs, by grade levels and subject areas, are available for your child?
- What type of instruction will the tutor use (small group, one-on-one, or the computer)?
- What are the tutor's qualifications?
- Can the tutor help if your child has disabilities or is learning English?
- Is transportation available to and from where the tutoring will take place?

If more students request tutoring than can be served through available funding, priority will be given to low performing students as determined by the district.

Please call (name and number) if you have any questions about these services. You also may join us to talk to the tutors on (dates and times of parent fairs) to help you decide which program is best for your child. If you would like to select a tutor now, you can fill out the enclosed provider selection form and mail it back to (name and address) in the stamped envelope we provide. Applications are due by (date). You will receive a letter from (school district) by (date) telling you when the free tutoring will start.

Finally, if you do not wish to sign up for these services, you may also choose to transfer your child to another school in the district. The enclosed public school choice letter gives more information about public school choice in our district.

Thank you,

District Official

Enclosures  
Approved Provider List/Provider Information, Provider Selection Form, and Sample Letter: Public School Choice,  
District Report Card]

**FINDING NO. 2 – ISBE Did Not Provide Final State Academic Assessment Results to LEAs Before the Start of the 2004-2005 School Year.**

**Recommendation**

We recommend that the Assistant Secretary for Elementary and Secondary Education in collaboration with the Assistant Deputy Secretary for Innovation and Improvement –

- 2.1 Confirm that ISBE (a) implements its corrective actions for 2005-06 school year and (b) provides final AYP assessment results to the LEAs before the beginning of each school year.

**ISBE RESPONSE**

Staff has closely examined the obstacles which have impeded ISBE's ability to inform districts of adequate yearly progress (AYP) status prior to the beginning of the school year. Though the release of status is depending upon school and district review and verification of participation data, attendance data, graduation data and assessment data, ISBE's projection for the release of 2005-06 status is much earlier than in previous years.

Many schools and districts have already verified their participation, attendance and graduation data as of mid-June. They have already verified their assessment data. The window of opportunity to do that for elementary and middle schools and elementary districts began on June 20<sup>th</sup>. For high schools, high school districts and unit districts, that window opens mid-July 2005. Now that the process of approval by USDE of the requested changes in the *Illinois Accountability Workbook* is final, Illinois will post final AYP status information on the IWAS web site for individual school access. We were ready to do so as of June 20<sup>th</sup> but had to await final USDE action on the workbook proposals.

Final AYP determinations were posted on the 2004 report card in November of 2004. The School Report Cards contains the AYP status of each school. The District Report Card contains a listing of the schools within the district that are in school improvement status.

For school year 2004-05, ISBE has initiated several actions that will allow for school/districts to make corrections to their data and also to have earlier access to the AYP Status Report via an online system.

ISBE's corrective actions include: (1) three time periods during which districts have an opportunity to correct data discrepancies; (2) on a daily basis during the first time period, ISBE provided updated discrepancy checks to districts through the Illinois Web Activation System to assist districts in correcting data errors; (3) for those schools who had submitted their School Report Card data and also approved their data on Schoolhouse, AYP Status Reports were generated on a daily basis beginning with July 6<sup>th</sup>. As of July 15, 1,384 AYP Status Reports have been generated for elementary schools and those schools that have grade 2 as the highest grade. (4) Beginning with the 2005-2006 school year, all districts will be required to use the Student Information System (SIS). The SIS assigns a unique student identifier to each student in the state.

Demographic information is provided on each student. ISBE officials believe that once the SIS is fully implemented that it will be possible to provide the information for the Pre-ID labels for the testing documents. This will eliminate most data discrepancies.



CHICAGO PUBLIC SCHOOLS · 125 S. CLARK STREET, 11<sup>th</sup> floor · CHICAGO, ILLINOIS 60603

NCLB ACCOUNTABILITY  
Office of Research, Evaluation, and Accountability  
773/553-2430  
Fax: 773/553-2431

**TO:** Margaret Montgomery, United States Department of Education

**cc:** Gail Lieberman, Federal Relations, ISBE  
Ginger Reynolds, Teaching and Learning Services, ISBE  
Pedro Martinez, Office of Management and Budget, CPS  
Walter Thiel, Office of Management and Budget, CPS  
Kayleen Irizarry, Funded Programs, CPS

**FROM:** Xavier Botana 

**DATE:** May 25, 2005

**RE:** RESPONSE TO NCLB AUDIT EXCEPTIONS

Enclosed is Chicago Public Schools' response to the Department of Education Audit Exception Report. Our response indicates the following:

- The parents of all appropriate children were notified that their schools were identified for improvement.
- To prevent the parental choice letter from becoming undecipherable, it contained the required information and information on how to access comparisons online or through our hotline.
- We received approval to begin the SES process before test results were final in order to begin the programs near the beginning of the school year.
- In instances in which students became ineligible after the start of the program, we will adjust funding for the after school program so that Title I funds pay for allowable services.
- We supplied provider information directly to parents as well as held open houses to allow parents meet with the providers.

## Response to NCLB Audit Exceptions

### Exception 1 - Notification of all parents of students at all schools identified for improvement

#### Response:

In April 2004, Chicago Public Schools sent letters to parents of students at all schools identified for school improvement informing parents as required by law. Parents of children who were in pre-kindergarten, kindergarten or eighth grade were not sent the letters. This explains the discrepancy between the number of eligible students and the number of letters sent. This was explained to the audit team during the audit visit.

### Exception 2 – Funds set aside for SES were used only for services to eligible students

#### Response:

It is our position that Chicago Public Schools ensured that funds were set aside for supplemental educational services (SES) and that these funds were used to provide services only to students who were identified as eligible for these services.

CPS was aware and informed schools that only low income students (free and reduced price lunch eligible) students who are eligible for supplemental educational services. However, since free/reduced lunch status could change at different points in time, and in an effort to not discourage anyone from applying and receiving supplemental educational services, CPS built in audit mechanisms to prevent charging services from enrolled students who do not meet the FRL criteria to the required 20% set aside.

We used the following protocol to ensure the proper usage of the funds:

- Confirm the enrollment for each Provider including those schools that have CPS as a Provider
- Identify the "income status" of children receiving SES services that are included in the verified student enrollment rosters at each school
- Use Title I set aside funds to pay for only those children qualified for SES as noted above
- Keep records in a format that will allow us to identify that we have allocated funding for SES programs in the manner identified above

### Exception 3 – SES to ineligible students at schools not in their second year of school improvement, in corrective action, or in restructuring

#### Response:

CPS projected which schools would be eligible for supplemental educational services based on the data available as of April 2004. ISBE and USDE approved the CPS plan to implement SES with these projections. However, updates by the state as a result of various data clean up processes and Spring 04 test scores, resulted in some schools being removed from the list. CPS made the decision to not revoke supplemental services at those schools except in schools where the principal was no longer required to provide SES and chose to not provide SES.

CPS built in audit mechanisms to not **charge** services at ineligible schools to the required 20% set aside.

We used the following protocol to ensure the proper usage of the funds:

- Identify the Providers at each school
- Confirm the enrollment for each Provider including those schools that have CPS as a Provider
- Determine the schools that were not eligible to provide SES based on final designations from ISBE
- Use funds from the Title I set aside for only those schools that qualify for SES under NCLB
- Keep records in a format that will allow us to identify that we have allocated funding for SES programs in the manner identified above

It should be noted that two of the schools cited by GAO have subsequently been added to the school improvement list as ISBE reviewed the school's Title I eligibility history. This issue points to the difficulty facing districts with the fluidity of the designation process currently in place. We stand to be penalized for not offering services when a school becomes eligible in mid-stream and we stand to be penalized when a school is no longer eligible due to data corrections.

Exception 4 – Inclusion of the minimum required information in notification letters and provision of the information to parents directly

Response:

Chicago Public Schools sent notification letters directly to parents of all students at schools that were identified to offer choice. In that letter we also explained that parents that opted to remain at the school would be eligible for supplemental educational services. (See copy of the parent notification letter attached.) The letter did not contain specific information on the SES provider options or enrollment process, because our past experience sending this type of detailed SES information through the mail proved that it was an ineffective method of communicating with parents.

We opted instead to hand out information at school by teachers/school staff during "report card pick up" (districtwide an overwhelming majority of parents attend school report card pick-up dates). School staff were able to field questions on site. Follow up questions could be directed to the school as well as through our telephone hotline. In addition, individual schools coordinated open houses for parents, and CPS held regional open houses at various community locations, to allow parents and providers to meet directly. Our position is that the overwhelming response evidenced by the unprecedented (in CPS) and unmatched (nationally) enrollment in our SES program (80,000 students) more than justifies CPS' decision path.

At report card pick up, CPS provided each parent of children in kindergarten through grade seven with a booklet that described the tutoring programs (including location), the qualifications of the program's tutors, the number of students in each class, the amount of time to be spent in tutoring sessions, and the materials to be used during the sessions. The schools were instructed to assist parents in making their selections (if requested) and to collect the completed registration forms. Given that the district is in the early stages of implementing SES and the State qualifies the providers, CPS is not at a point yet to determine the quality and effectiveness of services. As a result, this information was not included in the 2004-05 SES booklet.

Exception 5 - Comparison of school's academic achievement to other schools or inclusion of information on receiving schools' academic achievement in parental choice notification letter

Response:

Chicago Public Schools sent notification letters directly to parents of students in grades K-7 at schools that were identified to offer choice. The letters contained the following information:

- The school's school improvement status
- How the school's status was determined
- The repercussions of not meeting standards
- Their child's eligibility to transfer to a school that has not been identified for improvement by the state.
- How to apply for a transfer
- The schools to which the child could transfer
- Transportation options for children who transfer
- Deadline for applying for transfers
- **How to access comparisons of the 600 schools in the district**

Including actual data comparisons in a single letter would result in the letter being undecipherable. Therefore, CPS opted to have the information for parents to make informed decisions accessible online or through our hotline.