

# Illinois Performance Review Report FY 2018

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**Commendations**

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**0**

**Met Requirements**

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**18**

**Recommendations**

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**4**

**Action Required**

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**4**



U.S. Department of Education  
Office of State Support  
Office of Elementary and Secondary Education  
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Washington, DC 20202

## **Office of State Support Performance Review Process**

The Office of State Support (OSS) provides coordinated policy development, performance management, technical assistance, and data analysis services through a State support team structure that deepens partnerships with States and more effectively support their implementation of key reforms that will lead to improved outcomes for all students. OSS administers programs of financial assistance to State and local educational agencies and to colleges and universities. Under Title I of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA), OSS administers several Title I programs of supplementary instruction and other services. This includes the School Improvement Grants program authorized in section 1003(g) of Title I, Part A, of the ESEA, as amended by the No Child Left Behind Act of 2001 and the Improving Basic Programs Operated by Local Educational Agencies (LEAs) under Title I of the ESEA, as amended by ESSA. Under Title II, Part A of the ESEA, OSS administers the Improving Teacher Quality State Grants. Under Title III of the ESEA, OSS administers the State Formula Grant Program for English Language Acquisition and Language Enhancement. OSS also administers the State Assessment Grant, Innovative Assessment and Accountability Demonstration Authority, and Flexibility for Equitable Per-Pupil Funding programs authorized in section 1201, 1204, and 1501 of the ESEA.

OSS is organized specifically to provide high-quality performance management and support to State educational agencies (SEAs) in administering and leveraging the grant programs above, focusing on the SEAs' quality of implementation while continually reducing the burden of the United States Department Education's (the Department's) necessary stewardship and compliance role. Quarterly progress checks, Desk Reviews, and On-Site Reviews help ensure that SEAs are making progress toward increasing student achievement and improving the quality of instruction for all students through regular conversations about the quality of SEA implementation of OSS administered programs.

The goals of the OSS performance review process are to conduct a State-centered, performance-focused review of all OSS programs through a single, streamlined process that results in improved and strengthened partnerships between the Department and States and encourages States to develop and effectively implement integrated and coherent consolidated State plans. To accomplish these goals, the OSS performance review process is organized by areas, which reflect the programmatic and fiscal requirements and priorities of OSS programs.

## **Performance Review Report**

The Performance Review Report summarizes the results of the September 17 – September 20, 2018, OSS review of the Illinois State Board of Education (ISBE's) grant administration and fiscal management processes. The report is based on information provided through the review process, and other relevant qualitative and quantitative data. The primary goal of this review is to ensure that implementation of the four programs listed above is consistent with the fiscal, administrative, and select program requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance: 2 Code of Federal Regulations (CFR) Part 200), the Education Department General Administrative Requirements (EDGAR), and the ESEA, as amended by the ESSA, and, where applicable, NCLB. In addition, the review covers State internal controls related to data quality

and reporting and encompasses those fiscal and data reporting requirements applicable to the covered programs under both NCLB and the ESSA.<sup>1</sup>

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<sup>1</sup> To ensure that the OSS performance review process did not interfere with an SEA's transition to the ESSA requirements, in fiscal years (FYs) 2016 and 2017 the OSS reviewed for compliance fiscal and select program requirements applicable to covered programs under NCLB and ESSA, as well as the uniform administrative requirements and general management systems of SEAs. The number of program requirements under review increased in subsequent years and will result in a comprehensive review of fiscal and program requirements in FY 2019. Because this FY 2018 report summarizes the results of a non-comprehensive set of ESSA and, where applicable, NCLB compliance requirements, the issuance of this report does not preclude other Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report. In addition, as part of the FY 2018 Performance Review, the OSS asked Illinois to complete a self-assessment and provide supporting documentation on the State's implementation of a number of accountability-related requirements. Recognizing that many States were not yet implementing their new accountability systems in alignment with new requirements under the ESEA, as amended by ESSA, or their approved State Plans in the 2017-2018 school year, the OSS only reviewed sections of the self-assessment and documentation that related to requirements that were applicable. As a result, this report does not include an analysis of State implementation, in the 2017-2018 school year, of the 1003(a) School Improvement, Support and Improvement Plans, Long-Term Goals and Measurements of Interim Progress, Identification of Schools, and Continued Support for School and LEA Improvement sections of the monitoring protocol.

## **Section I: State Overview**

As part of this document the OSS includes relevant State background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), or through standard oversight activities.

## **Section II: Grant Administration and Fiscal Management Performance Evaluation**

The information provided in Section II is intended to help a State quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to State activities by area, in a manner that enables the State to achieve its strategic goals for the reviewed Federal programs. The section provides the State and the OSS' rating of performance on grant administration of applicable Title I, Part A; Title II, Part A; Title III, Part A; and School Improvement Grant programs in FY 2017. Each area rating is a reflection of how a State is addressing fiscal and cross program requirements. The State rating column is populated based on the self-assessment completed by the State prior to the review. OSS' analysis for each area is primarily based on evidence submitted by the State in the form of answers to the self-assessment questions, documents submitted by the State prior to the review, and the responses provided to questions during the review.

OSS' rating is also informed by evidence collected through public sources and other components of the performance review process. In some cases area ratings may overlap (e.g., Risk Assessment and Procurement) and feedback is provided in the cross-cutting subsection that appears at the end of Section II.

Ratings are based on a four-point scale, for which “met requirements with commendation” represents high quality implementation where the grantee is exceeding expectations; “met requirements” indicates that work is of an acceptable quality and the grantee is meeting expectations; “met requirements with recommendations” indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and “action required” indicates there are significant compliance or quality concerns that require urgent attention by the SEA and will be revisited until the State has remedied the issue.

## **Section III: Met Requirements with Commendation**



This section highlights the areas where the State has exceeded requirements and is commended on the grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as “met requirements with commendation”). In addition, this section provides an opportunity for the OSS to highlight those areas where the State has implemented an innovative or highly successful system or approach. In these areas, the OSS is not recommending or requiring the State to take any further action.

## **Section IV: Met Requirements**



This section identifies those areas where the OSS has determined that the State has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner as identified in Section II of this report (*i.e.*, those areas categorized as satisfactory quality, “met requirements”). The description of satisfactory implementation by relevant area and requirement is an indication of an acceptable implementation quality level. In these areas, the OSS is not recommending or requiring the State to take any further action.

## **Section V: Met Requirements with Recommendations**



This section identifies those areas where the OSS has quality implementation concerns related to grant administration and fiscal management as identified in Section II of this report (*i.e.*, those areas categorized as quality concerns, “met requirements with recommendations”). In these instances, the OSS is determining that the State is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the OSS will provide a recommendation for improvement, but is not requiring the State to take any further action.

## **Section VI: Action Required**



This section identifies those areas where the OSS has “significant compliance and quality concerns” (corresponds to “action required” in Section II). For those issues the OSS will outline the current practice, the nature of noncompliance, and the required action. Documentation of required action must be provided to the OSS within thirty (30) business days of the receipt of the final Performance Review Report.

## State Overview<sup>2</sup>



### COVERED GRANT PROGRAMS

TITLE I, PART A; TITLE II, PART A (TITLE II); TITLE III, PART A (TITLE III), SCHOOL IMPROVEMENT GRANTS (SIG)



### STUDENT CHARACTERISTICS

Enrolled:	2,041,779	Limited-English Proficiency: <sup>3</sup>	9.3%
In Title I Schools: <sup>4</sup>	45.5%	Eligible for Free & Reduced Lunch:	54%



### RACIAL/ETHNIC BACKGROUND (%)

White:	48.8	Asian or Pacific Islander:	4.7
Hispanic:	25.5	American Indian/Alaskan Native:	0.3
Black:	17.3	Native Hawaiian/Other Pacific Islander:	0.1



### SCHOOL & LOCAL EDUCATIONAL AGENCY CHARACTERISTICS

Local Educational Agencies:	1,075	FTE Teachers:	129,948
Schools:	4,228	Per-Pupil Expenditures: <sup>5</sup>	\$13,213
Charter Schools:	63		



### FEDERAL FUNDING<sup>6</sup>

Total:	\$809,993,570	Title III, Part A:	\$25,938,399
Title I, Part A:	\$678,425,619	SIG <sup>7</sup> :	\$22,245,965
Title II, Part A:	\$83,323,587		

<sup>2</sup> Data Source: The Department, CCD, 2015-2016 school year, unless otherwise noted (see <http://eddataexpress.ed.gov/> and <http://nces.ed.gov/ccd/elsi/> for additional information).

<sup>3</sup> Data from 2013-2014. Data not available for subsequent years.

<sup>4</sup> Schools eligible for Title I, Part A schoolwide programs are also included in the count of all Title I, Part A eligible schools. A Title I, Part A eligible school is one in which the percentage of children from low-income families is at least as high as the percentages of children from low-income families served by the LEA as a whole or because 35 percent or more of the children in the school are from low-income families. A schoolwide Title I, Part A eligible school has a percentage of low-income students that is at least 40 percent. Data is from 2014-2015.

<sup>5</sup> Data Source: The Department, NCES, CCD, "National Public Education Financial Survey (State Fiscal)", 2013-2014 (FY 2014), v.1a. (see <http://nces.ed.gov/ccd/elsi/> for additional information).

<sup>6</sup> FY 2017 funds included above are from OSS administered programs that allocate funds to States using a statutory formula. The totals do not reflect all Department funds that flow to a State. States and other entities may also receive funds from grants that are awarded on a competitive basis.

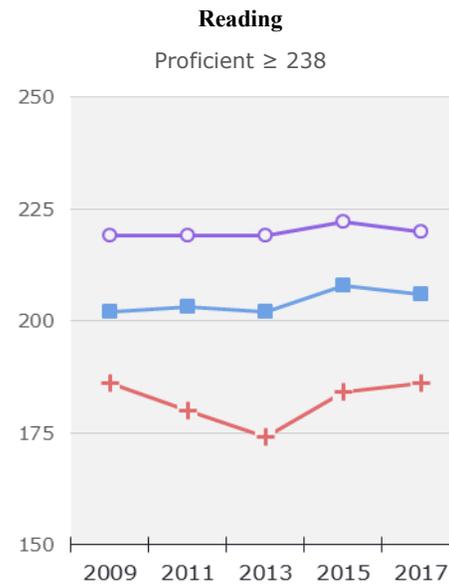
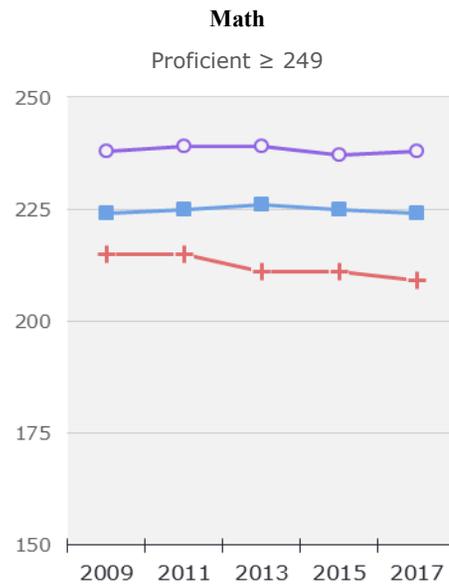
<sup>7</sup> FY 2015

## NAEP Average Scale Scores by Grade & Year

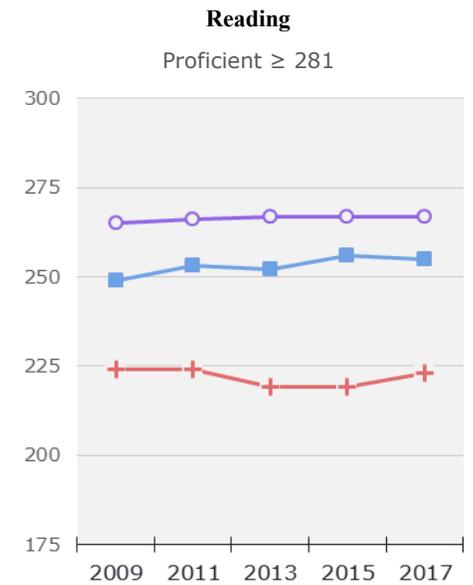
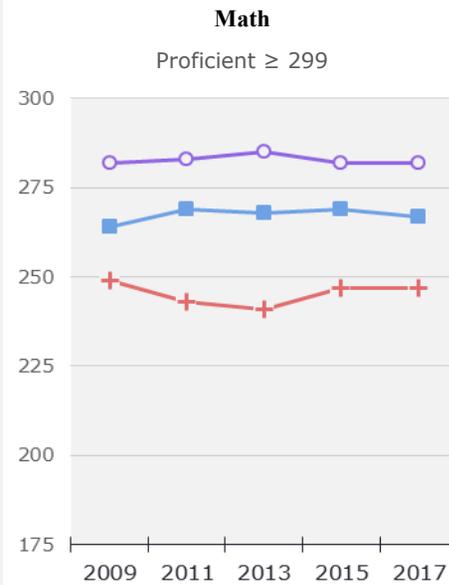
The National Assessment of Educational Progress (NAEP) is the largest nationally representative and continuing assessment of what America's students know. The NAEP mathematics and reading scales range from 0–500.

- All
- Low-income students
- ✚ EL students

### Grade 4



### Grade 8



	All	Low-Income	EL
2009	238	224	215
2011	239	225	215
2013	239	226	211
2015	237	225	211
2017	238	224	209

	All	Low-Income	EL
2009	219	202	186
2011	219	203	180
2013	219	202	174
2015	222	208	184
2017	220	206	186

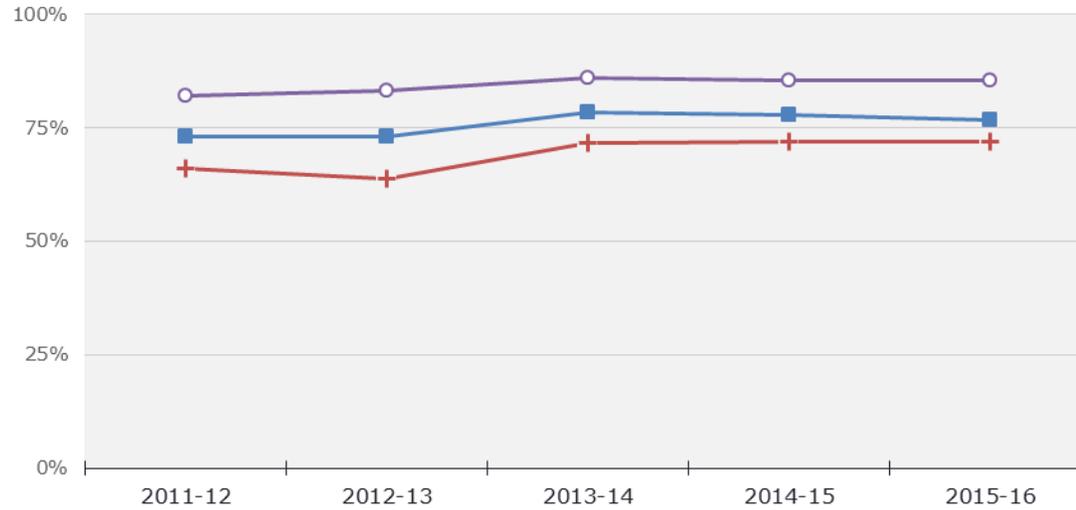
	All	Low-Income	EL
2009	282	264	249
2011	283	269	243
2013	285	268	241
2015	282	269	247
2017	282	267	247

	All	Low-Income	EL
2009	265	249	224
2011	266	253	224
2013	267	252	219
2015	267	256	219
2017	267	255	223

## ADJUSTED COHORT GRADUATION RATE (ACGR) BY SCHOOL YEAR

The four-year adjusted cohort graduation rate is the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for the graduating class. From the beginning of 9th grade (or the earliest high school grade), students who are entering that grade for the first time form a cohort that is “adjusted” by adding any students who subsequently transfer into the cohort and subtracting any students who subsequently transfer out, emigrate to another country, or die. There are some differences in State implementation of the ACGR requirements, leading to the potential for differences across in how rates are calculated. See <http://www2.ed.gov/admins/lead/account/consolidated/index.html> for additional information on interpreting this data)

- All
- Low-income students
- + EL students



	All	Low Income	EL
2011-12	82%	73%	66%
2012-13	83%	73%	64%
2013-14	86%	79%	72%
2014-15	86%	78%	72%
2015-16	86%	77%	72%

## SECTION II

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# Grant Administration and Fiscal Management Evaluation

<b>Dates of Review</b>	September 17 – September 20, 2018
<b>Reviewers</b>	<p>Brenda Calderon (Office of State Support)</p> <p>Jasmine Akinsipe (Office of State Support)</p> <p>Danielle Smith (Office of State Support)</p> <p>Chris Fenton (Office of State Support)</p> <p>Shane Morrisey (Management Support Unit)</p>
<b>LEA Participants</b>	<p>Chicago Public Schools (Chicago, IL)</p> <p>Carbon Cliff - Barstow (Silvis, IL)</p>
<b>Current Grant Conditions</b>	<p>Title I, Part A:     • Illinois must demonstrate that its standards and assessment system meets all requirements under section 1111(b)(1) and (3) of the (ESEA), as amended by NCLB, and as continued under section 1111(b)(1) and (2) of the ESSA.</p> <p>                          • Illinois must submit complete, accurate, and timely Title I, Part A data for the 2017-2018 school year in the Consolidated State Performance Report.</p> <p>Title II, Part A:   None</p> <p>Title III, Part A:  None</p> <p>SIG:               None</p>
<b>Outstanding Findings</b>	<p>Title I, Part A:   None</p> <p>Title II, Part A:  None</p> <p>Title III, Part A:  None</p> <p>SIG:               None</p>
<b>High Risk Status</b>	Not Applicable

**Assessment Criteria Key**



**Met requirements with commendation**

High quality implementation & compliance.



**Met requirements**

Satisfactory implementation & compliance.



**Met requirements with recommendation**

Satisfactory compliance with quality concerns.



**Action required**

Significant compliance & quality concerns.

		SEA	OSS
Accounting Systems and Fiscal Controls	<b>A</b>	●●●●○	●●●●○
Period of Availability and Carryover	<b>B</b>	●●●●○	●●●●○
Internal Controls (Control Environment and Control Activities)	<b>C</b>	●●●●○	●●●●○
Audit Requirements	<b>D</b>	●●●●○	●●●●○
Records and Information Management	<b>E</b>	●●●●○	●●●●○
Equipment Management	<b>F</b>	●●●●○	●●●●○
Personnel	<b>G</b>	●●●●○	●●●●○
Procurement	<b>H</b>	●●●●○	●○○○○
Indirect Costs	<b>I</b>	●●●●○	●●●●○
Charter School Authorization and Oversight	<b>J</b>	●●●●○	●●●●○
Reservations and Consolidation	<b>K</b>	●●●●○	●●●●○
Budgeting and Activities	<b>L</b>	●●●●○	●●●●○
Allocations	<b>M</b>	●●●●○	●●●●○
Risk Assessment	<b>N</b>	●●●●○	●●●●○
Subrecipient Monitoring	<b>O</b>	●●●●○	●●●●○
LEA Support and Guidance	<b>P</b>	●●●●○	●●●●○
Supplement Not Supplant	<b>Q</b>	●●●●○	●●●●○
Maintenance of Effort (MOE)	<b>R</b>	●●●●○	●●●●○
Comparability	<b>S</b>	●●●●○	●●●●○
Equitable Services	<b>T</b>	●●●●○	●●●●○
Data Quality	<b>U</b>	●●●●○	●●●●○
Transparency and Data Reporting	<b>V</b>	●●●●○	●○○○○
State Plan	<b>W</b>	●●●●○	●●●●○

Public School Choice	<b>X</b>		
Indicators	<b>Y</b>		
Annual Meaningful Differentiation	<b>Z</b>		

**SECTION III**

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**Met Requirements with Commendation**

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No areas reviewed were identified for commendation.

## SECTION IV

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# Met Requirements

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A.

### ACCOUNTING SYSTEMS AND FISCAL CONTROLS



#### REQUIREMENT SUMMARY

An SEA shall expend and account for Federal funds in accordance with State laws and procedures for expending and accounting for State funds. State accounting systems must satisfy Federal requirements regarding the ability to track the use of funds and permit the disclosure of financial results. SEAs must have written procedures for determining cost allowability and must maintain effective control over all funds.

Uniform Guidance 2 C.F.R. 200.302

EDGAR 34 C.F.R. 76.702



#### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE provided documentation related to its accounting procedures that demonstrates its ability to track the use of funds, regularly report on financial results, and to determine cost allowability. To ensure ISBE maintains effective control over its funds, ISBE staff perform monthly reconciliations with its own system and G5, which is supplemented by monthly Office of the State Comptroller reconciliations. Program directors also hold semi-annual meetings to compare budget amounts with actual spending and informal meetings are held throughout the year to monitor spending and determine if adjustments are needed.

B.

## PERIOD OF AVAILABILITY AND CARRYOVER



### REQUIREMENT SUMMARY

The SEA may only charge a grant program for allowable costs incurred during the period of availability and any pre-award costs that have been authorized by the Department. Unless the Department authorizes an extension, the SEA shall liquidate all obligation incurred under the award not later than 90 calendar days after the end date of the performance period. If the SEA fails to obligate all funds by the end of the award year, it can "carryover" the remaining funds for a period of one additional fiscal year. Any funds not obligated by the end of the carryover period shall be returned by the SEA to the Federal government as an unobligated balance.

Uniform Guidance 2 C.F.R. §200.309 and §200.343(b)

EDGAR 34 C.F.R. §76.707 and §76.709



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE's accounting software, Management Information Database Accounting System (MIDAS), controls payments to LEAs based on system end dates and does not allow the use of expired funds. In order to ensure funds are disbursed prior to the end of the liquidation period, ISBE funding and disbursement staff are in regular contact with LEAs that have not submitted expenditure reports. Additionally, program managers monitor expenditures through ISBE's Financial Reimbursement System. ISBE also sends weekly messages to superintendents and posts messages on its website to help ensure LEAs obligate all of their program funds by the end of the period of availability.

C.

## INTERNAL CONTROLS



### REQUIREMENT SUMMARY

The SEA shall establish and maintain a system of effective internal controls over Federal awards that provides reasonable assurance that the SEA is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards. These internal controls should be in accordance with guidance stated in the "Standards of Internal Control in the Federal Government" (GAO Green Book) or the "Internal Controls Integrated Framework" (Treadway Commission).

Uniform Guidance 2 C.F.R. §200.303



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE ensures it manages Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards by complying with a State law that requires ISBE to review and report on its internal controls annually to the Illinois Auditor General. Any issues from the annual report are discussed within ISBE and strategies are implemented to address those issues.

D.

## AUDIT REQUIREMENTS



### REQUIREMENT SUMMARY

An SEA is responsible for both resolving the audit findings of subrecipients and for conducting audit follow-up activities and corrective actions for findings from the SEA's yearly Single Audit. An SEA is also required to ensure that subrecipients who meet the audit threshold are audited and the audits are reported according to established timelines.

Uniform Guidance 2 C.F.R. §200.303(d)(2), §200.331(d)(3), §200.331(f), §200.511(a), §200.512, and §200.521(c)



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE demonstrated it maintains and follows documented procedures for single audit review and tracking, which help ensure audit resolution and follow-up activities occur. For example, after ISBE receives and reviews subrecipient audit findings, they are distributed to the programmatic areas for targeted review through a cooperative resolution process. ISBE then follows up with LEAs about any necessary corrective actions. In addition, audit findings are included as part of the risk assessment process, which factors into monitoring decisions.

F.

## EQUIPMENT MANAGEMENT



### REQUIREMENT SUMMARY

An SEA shall use, manage and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant State laws and procedures. SEAs shall also ensure that equipment and supplies are used only for authorized purposes of the project during the period of performance (or until no longer needed).

Uniform Guidance 2 C.F.R. §200.313-314

GAO Green Book Principle 10.03



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE ensures that equipment and supplies are used only for authorized purposes through implementation of a property control system that maintains an inventory of equipment and supplies and generates a monthly inventory listing of each item. ISBE uses the system to perform monthly reconciliations of vouchers paid through MIDAS, which are then reviewed by the Fiscal Support Services Division Administrator. Additionally, ISBE creates quarterly fixed asset reports and completes an annual physical inventory.

ISBE also provides guidance to LEAs related to Federal and State requirements regarding the management and use of equipment purchased using Federal funds and procedures are reviewed by ISBE during monitoring to ensure LEA compliance with the requirements.

G.

**PERSONNEL****REQUIREMENT SUMMARY**

An SEA shall ensure that charges to Federal awards for salaries are based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated.

Uniform Guidance 2 C.F.R. §200.430

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

ISBE has a Cost Allocation Tracking System (CATS) that State employees use to input their time and effort quarterly. Time and effort is reconciled and reviewed by ISBE budget staff to ensure employees are paid from appropriate Federal awards. Each employee also signs a time distribution worksheet at the end of each pay period and forwards it to a division timekeeper. The timekeeper reviews for accuracy and then a division administrator must review and approve the employees' time.

Additionally, ISBE reviews LEA employee time and effort documentation during on-site or desk reviews.

I.

## INDIRECT COSTS



### REQUIREMENT SUMMARY

An SEA shall ensure that indirect costs are only charged at the correct indirect cost rate. An indirect cost is a cost that is incurred for the benefit of the entire organization.

Uniform Guidance 2 C.F.R. §200.414

EDGAR 34 C.F.R. §76.560-569



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE develops its indirect cost rate using a fixed-with-carry-forward structure for which the State FY 2018 indirect cost rate is based on actual costs from State FY 2016. After an indirect cost rate is established, adjustments may be made when actual costs are determined and reconciled with estimates. Both adjustments and preparation of ISBE's annual indirect cost rate proposal are supported by an outside contractor. To ensure that indirect costs are only charged at the correct rate, LEA indirect cost rates are preloaded into the ISBE system, which does not allow incorrect indirect cost rates to be uploaded.

K.

## RESERVATIONS AND CONSOLIDATION



### REQUIREMENT SUMMARY

The SEA shall ensure that the amount of program funds reserved for administration and other State activities does not exceed statutory limits for each program. SEAs are permitted to consolidate the administrative set-asides from several ESEA programs (Title I, Title IIA, Migrant Education Program, Negligent and Delinquent Youth Program, Rural and Low Income Schools Program, and the 21st Century Community Learning Centers Program) in order to administer them collectively.

ESEA §1003(a), §1003(g)(8), §1004(a)(1), §2113(c), §2113(d), §3111(b)(3), and §9201(a)

EDGAR 34 C.F.R. 299.4



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE demonstrated that amounts reserved from the covered programs for both State administration and State activities reservations do not exceed statutory limits for each program.<sup>8</sup> To ensure limits are not exceeded, ISBE procedures outline the process for calculating administrative reservations, budgeting administrative expenditures, and drawing down and combining programs funds from each program to pay for individual administrative expenditures, tracked by funding source. ISBE uses the grant funding information from the Department in the G5 system, which is verified by ISBE staff prior to being uploaded, to set automated budget controls in its electronic grants management system (EGMS). These controls prevent ISBE from overcharging administrative expenditures to Federal programs. Regular and ongoing staff reviews also ensure that funds are being used for allowable purposes.

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<sup>8</sup> ISBE does not consolidate the administrative reservations from the covered programs.

L.

## BUDGETING AND ACTIVITIES



### REQUIREMENT SUMMARY

An SEA and its subrecipients can only use program funds for allowable costs, as defined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. §200), which include, among other things, the requirement that costs be reasonable and necessary for the accomplishment of program objectives.

Uniform Guidance 2 C.F.R. §200.403-408 and §200.420-475

EDGAR 34 C.F.R. §76.530

### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE's EGMS is used to conduct its annual LEA application and review process. LEAs enter detailed budget information (among other information) within the system, including a narrative for each budget item that describes how each project element aligns with the LEA's program needs assessment. Once LEAs submit this information, ISBE staff review proposed program budgets, examining each budget item compared to the LEA's plan in order to determine if the item is reasonable, allowable, and allocable to the Federal program. The proposed LEA budget goes through additional reviews by program and fiscal staff, as well as spot checks by supervisors, before final approval. For instruction and support, ISBE provides an LEA toolkit in addition to webinars, one-pagers, conferences, email and phone support.

ISBE staff review each budget amendment request in the same manner as the annual LEA application. If the review of a budget amendment shows an unnecessary, unreasonable, or unallowable use of funds, the proposed amendment is returned to the LEA with feedback. ISBE program staff then work closely with LEA staff to ensure that revised budget amendments are aligned with Federal requirements.

M.

## ALLOCATIONS



### REQUIREMENT SUMMARY

SEAs shall ensure that, when subawarding funds to LEAs or other subrecipients, it makes subawards in accordance with applicable statutory requirements (including requirements related to the process for subawarding funds and the amounts to be subawarded to individual subrecipients).

ESEA §1124, §1124A, §1125, §1126(b), §2121, §2122(a), §2132, §3111(b) (1), §3114, §3116(a), §1003(g) (5), and §1003(g) (7)

EDGAR 34 C.F.R. §76.50-51, §76.300, and §76.789



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE uses a clear process to calculate and verify subaward amounts for each of the covered programs, including steps to ensure that hold-harmless requirements have been met. The process is started when Department allocation calculations are entered into the EGMS, after which poverty and enrollment data are entered so that automated calculations, such as new or expanding charter schools adjustments, can be made. ISBE performs data checks on the back end to ensure accuracy. Within-LEA allocations are also reviewed within the EGMS, which includes the poverty and other ranking data for schools within the LEA. Grant award notifications are sent through EGMS and ISBE provides annual training and ongoing guidance to subrecipients to ensure they are aware of program application and eligibility requirements.

N.

## RISK ASSESSMENT



### REQUIREMENT SUMMARY

In order to determine the appropriate method and level of subrecipient monitoring, an SEA shall evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Uniform Guidance 2 C.F.R. §200.331(b)



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE annually performs a subrecipient risk assessment to identify LEAs with a higher risk of noncompliance with Federal statutes, regulations, and the terms and conditions of Federal awards. ISBE's risk assessment tool includes both programmatic and fiscal indicators. Uniform, cross-program high-risk fiscal elements are required by the State's Grantee Accountability and Transparency Act (GATA), and are included in a centralized risk assessment. ISBE also performs a second, more targeted risk assessment that includes more high-risk, program-specific elements. Risk assessment scores determine whether an LEA will be considered low, medium or high risk, with mitigating conditions and/or increased monitoring scrutiny for higher-risk LEAs. ISBE reviews the risk assessment process annually, and makes adjustments annually, as necessary.

O.

## SUBRECIPIENT MONITORING



### REQUIREMENT SUMMARY

An SEA shall monitor local educational agencies (LEAs) and any other entities, including external providers, receiving Federal funds from programs covered in the Consolidated State Plan to ensure that performance goals are achieved and that subawards are used for authorized purposes and in compliance with Federal statutes, regulations, and the terms and conditions of Federal awards.

Uniform Guidance 2 C.F.R. §200.331(d)



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

The ISBE Federal and State monitoring division performs risk-based, on-site, and desk fiscal monitoring of subrecipients. The monitoring division also coordinates with the program offices to ensure that relevant fiscal or programmatic issues with specific subrecipients are addressed as part of the monitoring process; the Title Grants Division and Division of English Learners review relevant programmatic requirements. In addition to on-site and desk monitoring, ISBE has LEA check-ins throughout the grant cycle, beginning with the application approval process and continuing throughout the grant period via quarterly grant reports. High-risk subrecipients submit monthly grant reports covering program requirements such as use of funds, allowability, and alignment of activities with program requirements. In future school years, ISBE plans to consolidate program monitoring of Title I, Part A and Title III, Part A.

P.

## LEA SUPPORT AND GUIDANCE



### REQUIREMENT SUMMARY

An SEA shall have procedures for providing technical assistance and evaluating how project funds were spent, if they were spent in compliance with statutes and regulations, and if expected outcomes were achieved as a result of spending.

EDGAR 34 CFR 76.770

### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE provides guidance and technical assistance to LEAs through a variety of methods. Annually, ISBE provides fall, spring, and summer training sessions that incorporate breakout sessions focusing on issues that have come up through grant application reviews, communications with LEAs during the course of the year, and any program requirement changes. In addition, ISBE staff regularly share program information, guidance, and best practices with LEAs through one-pagers. ISBE also conducts webinars or conference calls with LEAs to encourage two-way communication and submission of high-quality LEA documentation. To ensure that guidance and technical assistance efforts meet LEA needs, ISBE analyzes the quality of grant applications and conducts customer service surveys after providing support (e.g., after conducting a webinar).

Q.

## SUPPLEMENT NOT SUPPLANT



### REQUIREMENT SUMMARY

The State and its subgrantees must ensure that funds from the Title I, Part A, Title II, Part A and Title III, Part A programs are used to supplement not supplant State and local funds (as well as other Federal funds for the Title III, Part A program).

ESEA §1114(a)(2)(B), §1120A(b), §2113(f), §2123(b), and §3115(g)

EDGAR 34 C.F.R. §200.79

### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE uses pre-award and post-award checks to ensure that subrecipients use program funds to supplement, rather than supplant, State and local funds, for Title I, Part A, and Title II, Part A, and other Federal funds in addition to State and local funds for Title III, Part A. During the pre-award process, ISBE reviews LEA applications to determine whether any planned expenditures would result in a supplanting issue. Once LEA budgets are approved and the subgrants are issued, ISBE reviews each submitted reimbursement request to ensure that the actual expenditures align with the approved budget and that the expenditures would not result in a supplanting issue. When a supplanting issue is identified in the application review process, the LEA application is returned to the LEA in order for them to make corrections so all supplanting activities are paid for with non-Federal funds. Finally, ISBE covers supplanting requirements during monitoring to ensure LEA compliance.

R.

**MAINTENANCE OF EFFORT****REQUIREMENT SUMMARY**

An SEA shall ensure that each LEA shall have an amount of funding not less than 90% of the amount available the preceding year.

ESEA §9521

EDGAR 34 C.F.R. 299

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

To ensure LEA compliance with MOE requirements, ISBE uses financial reports from LEAs to annually perform calculations comparing the level of effort for each LEA to the previous year. If an LEA fails to meet the 10 percent threshold, a more-intensive review of the previous three years is conducted. In the event that ISBE determines that an LEA failed to maintain effort in a given FY, ISBE provides the LEA with formal notification of its status and solicits a rationale from the LEA.

S.

## COMPARABILITY



### REQUIREMENT SUMMARY

The SEA may only provide Title I, Part A funds to an LEA if State and local funds will be used in schools served by Federal programs to provide services that, on the whole, are at least comparable to services in schools that are not receiving Title I funds.

ESEA §1120A(c)



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

ISBE requires LEAs to annually submit comparability calculations through a web-based Title I Comparability System that integrates student enrollment and staffing data in order to perform comparability determinations for applicable LEAs. ISBE provides a guide to LEAs that explains how to submit calculations and regularly communicates deadlines with LEA contacts. If an LEA misses a deadline, ISBE can freeze access to the LEA's funds until the matter is resolved. If ISBE identifies that an LEA has failed to demonstrate comparability, the LEA is required by January 1, generally, to address the deficiencies and provide evidence to the SEA demonstrating the steps the LEA has taken.

T.

## EQUITABLE SERVICES



### REQUIREMENT SUMMARY

An SEA shall ensure that LEAs use Federal funds to provide benefits to eligible children enrolled in private schools and to ensure that teachers and families of participating private school children participate on an equitable basis.

ESEA §1117, §8501

ESEA Regulations 34 C.F.R. 299.6, 34 C.F.R. 299.9

Title I Regulations 34 C.F.R. 200.62-67

EDGAR 34 C.F.R. 76.661



### DESCRIPTION OF SATISFACTORY IMPLEMENTATION

As a part of their applications for grant funding, LEAs must upload a signed assurance from relevant private school officials that consultation has occurred. If the non-public school information is not included with the application, ISBE returns the application to the LEA for correction. The ISBE ombudsman serves as a liaison for communication with non-public school officials, and provides technical assistance to both non-public schools and LEAs. ISBE consultants also review information from LEAs and non-public schools to determine that LEAs are providing equitable services in accordance with requirements. In addition to the application review process, and ongoing support during the grant cycle, desk and on-site monitoring activities cover equitable services requirements.

W.

**STATE PLAN****REQUIREMENT SUMMARY**

Each SEA shall file a plan with the Secretary that is developed by the SEA with timely and meaningful consultation with certain individuals and groups, as specified in ESEA section 1111(a)(1)(A), and may submit a consolidated State plan for each of the covered programs in which the State participates and such other programs as the Secretary may designate. Each plan will remain in effect for the duration of the State's participation in the identified programs and shall be periodically reviewed and revised as necessary by the SEA to reflect changes in the State's strategies and programs. If a State makes significant changes to its plan at any time, such information shall be submitted to the Secretary in the form of revisions or amendments to the State plan.

ESEA §1111(a)(1)-(8), §8302

**DESCRIPTION OF SATISFACTORY IMPLEMENTATION**

The Department approved Illinois' State plan on August 30, 2017. The State plans to review its State plan periodically. ISBE indicated new accountability indicators are under development and will be submitted as part of a forthcoming amendment request.

## SECTION V

# Met Requirements with Recommendation

E.

### RECORDS AND INFORMATION MANAGEMENT



#### REQUIREMENT SUMMARY

An SEA shall keep records that fully show the amount of funds under a grant award or subgrant, how the SEA used the funds, the total costs of Federally supported projects, the share of costs provided from other sources, records to show compliance with program requirements, and any other records needed to facilitate an effective audit. An SEA shall also take reasonable measures to safeguard and protect personally identifiable information (PII). PII is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual

Uniform Guidance 2 C.F.R. 200.79, 200.303(e), §200.333, §200.336(a)

EDGAR 34 C.F.R. §76.730-731



#### ISSUE

ISBE has a number of strategies it uses to protect Personally Identifiable Information (PII) and limit access to the systems it uses to store PII. ISBE also holds internal privacy and records management training. However, ISBE does not provide any specific guidance or training for LEAs related to the Family Educational Rights and Privacy Act (FERPA) or to the protection of PII. Additionally, both LEAs included in the review stated that ISBE does not monitor LEA policies or procedures related to the protection of PII. Without guidance, training, or subrecipient monitoring for LEA information security, the PII of students, parents, or teachers could be at risk.



#### RECOMMENDATION

The Department recommends that ISBE develop guidance and training for LEAs on FERPA and the protection of PII. Additionally, the Department recommends that ISBE include a review of LEA information security policies and procedures in its subrecipient monitoring.

J.

## CHARTER SCHOOL AUTHORIZATION AND OVERSIGHT



### REQUIREMENT SUMMARY

The SEA provides information on OSS programs (i.e., allocations; applications; and requirements, including requirements for proper disposition of equipment and property) to all charter schools and LEAs and Charter Management Organizations (CMOs) or Education Management Organizations (EMOs) that oversee charter schools, has established internal controls related to the charter schools' relationships with their CMOs/EMOs, and has clear procedures that are systematically monitored for orderly closure, where applicable.

ESEA §1122(c) and 1125A(g)(3)

EDGAR 34 C.F.R. §74.42, §74.45-46, §74.48, §75.525(a), §75.525(b), and §80.36(b)

Uniform Guidance 2 C.F.R. §200.318(c)

Final Audit Report: ED-OIG/A02M0012



### ISSUE

In Illinois, LEAs are responsible for charter school authorization and most of the oversight responsibilities of charter schools (the Illinois State Charter School Commission is involved with authorization appeals). No documentation related to charter schools was provided by ISBE other than instructions for how an LEA can start a new charter school and a copy of the State of Illinois charter school laws. Even though ISBE stated that most of the responsibility for the oversight of charter schools lies with LEAs, as the recipient of Federal funds, ISBE should maintain policies and procedures for the oversight of charter schools to ensure compliance with Federal requirements. While ISBE meets this requirement and it is permissible for the State to delegate to LEAs responsibilities regarding charter school oversight, without policies or procedures in place by ISBE, many charter schools and charter school LEAs may be at risk of violating Federal requirements.



### RECOMMENDATION

ISBE should develop charter school oversight policies and procedures including:

1. A process for ISBE to identify whether charter schools and/or charter school LEAs are operated by Charter Management Organizations (CMOs) or Education Management Organizations (EMOs) (ISBE stated that it is currently developing a process); and
2. Policies and procedures for the closure of a charter school or charter LEA to ensure compliance with Federal requirements.

U.

## DATA QUALITY



### REQUIREMENT SUMMARY

An SEA is required to have appropriate procedures in place to ensure that the data reported to the public and the Department are high quality (i.e., timely, complete, accurate, valid, and reliable).

ESEA §1111(h) (4)

Government Accountability Office's "Standards for Internal Control in the Federal Government" (GAO Green Book)

Uniform Guidance 2 CFR 200.303 and 2 CFR 200.328(b)

OMB Circular A-133 Compliance Supplement: Department of Education Cross-cutting Section

Final Audit Report: ED-OIG/A0600001



### ISSUE

ISBE provides LEAs with technical assistance and updates to its various data systems through FAQs, webinars, and LEA data governance meetings. Data quality is monitored through the Data Quality Dashboard which links with three of ISBE's data systems. After data are collected, ISBE reviews the data through audits and performs data checks such as year-to-year comparisons. ISBE addresses data quality and timeliness issues with LEAs via email. To ensure internal controls for data, ISBE uses an E-Report Card Superintendent Verification to certify that data are accurate and complete. ISBE is working to standardize data for various data collections and is in the process of developing business rules and comprehensive data dictionaries.



### RECOMMENDATION

As ISBE works to standardize data for its various data collections, the Department recommends that additional business rules be developed and provided to LEAs. The Department also recommends that ISBE develop a process to address data quality feedback received from the Department on its EDFacts submissions to address data quality issues in an accurate and timely fashion.

X.

## PUBLIC SCHOOL CHOICE



### REQUIREMENT SUMMARY

An LEA may provide all students that are enrolled in a school identified by the State for comprehensive support and improvement in accordance with ESEA section 1111(c)(4)(D)(i) with the option to transfer to another public school served by the LEA, unless prohibited by State law. The LEA must permit the student who transfers to another school to remain in that school until the student has completed the highest grade at that school. In providing students the option to transfer to another public school, the LEA must give priority to the lowest-achieving students from low-income families.

ESEA §1111(d)(1)(D)



### ISSUE

Per ESEA section §1111(d)(1)(D)(i), an LEA may provide all students enrolled in a school identified by the State for comprehensive support and improvement (CSI) under subsection ESEA section §1111(c)(4)(D)(i) with the option to transfer to another public school served by the LEA, unless such an option is prohibited by State law.

Subsequent to the review ISBE determined State law does not prohibit offering students in a CSI school the option to transfer to another public school in the LEA.



### RECOMMENDATION

The Department recommends that ISBE provide technical assistance to LEAs that elect to implement the transfer option. The Department also recommends that ISBE include questions on this provision as part of its programmatic and fiscal monitoring of LEAs implementing the transfer option, including that priority is given to lowest-achieving children from low-income families.

## SECTION VI

# Action Required

H.

## PROCUREMENT

● ○ ○ ○

### REQUIREMENT SUMMARY

An SEA shall ensure that all relevant State procurement procedures are followed when procuring goods and services using Federal funds. An SEA must also maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specification of their contracts.

Uniform Guidance 2 C.F.R. §200.317, §200.322, and §200.326



### ISSUE

Under Uniform Guidance 2 C.F.R. §200.331(d), SEAs must monitor the activities of subrecipients to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

During the review, ISBE stated that procurement is not currently an area it reviews during subrecipient monitoring and that it intends to include procurement in future monitoring protocols (as of FY 2020).



### REQUIRED ACTION

To help avoid LEA procurement-related waste, fraud, and abuse, within 30 business days of receiving this report, ISBE must provide the Department with evidence that it has developed processes to review LEA procurement policies, procedures, and sample LEA procurement transactions, and include these processes in subrecipient monitoring (a draft monitoring protocol or a plan to revise the protocol to include procurement in future monitoring would also be acceptable).

V.

## TRANSPARENCY AND DATA REPORTING



### ISSUE

Under ESEA §1111(h), an SEA and its LEAs are required to prepare and annually disseminate in a timely manner report cards that include information related to student and school performance within the State. ISBE's report card does not include required information on the most recent available results on the State's NAEP reading and mathematics assessments, by percentage of students at each achievement level in the aggregate and disaggregated by major racial and ethnic groups, students with disabilities, English learners, and economically disadvantaged subgroups, in grades four and eight (required by 34 C.F.R. §200.11(c)).

During the review, ISBE stated that it hosts virtual and in-person public feedback sessions throughout the year to gather input from stakeholders on State and LEA report cards. ISBE plans to review invitation distribution to increase parental participation in this process.

### REQUIRED ACTION

Within 30 business days of receiving this report, ISBE must provide the Department with:

- A complete State report card for the 2016-2017 school year including, but not limited to, the most recent available results on the State's NAEP reading and mathematics assessments, by percentage of students at each achievement level in the aggregate and disaggregated by major racial and ethnic groups, students with disabilities, English learners, and economically disadvantaged subgroups, in grades four and eight

### REQUIREMENT SUMMARY

An SEA and its LEAs are required to prepare and annually disseminate report cards that include all required elements to the public in a timely manner.

ESEA §1003(f) and §1111(h)(1)

Title I Regulations 34 C.F.R. §200.11, §200.19(b)

Y.

## INDICATORS



### ISSUE

Per ESEA §1111(c)(4)(C) a State must establish a system of annual, meaningful differentiation of all public schools in the State based on all indicators in the State's accountability system for all students and for each subgroup of students.

ISBE documentation indicated the State has not included all required indicators for all students and each subgroup of students in its accountability system. ISBE also does not have business rules and data elements for each School Quality or Student Success indicator. Chronic absenteeism indicator business rules are established but the college and career and the climate survey indicators are in development. As noted in the subsequent element, ISBE intends to award full points to every school for these two indicators as a "hold-harmless" measure. This is not consistent with ESEA requirements that each indicator meaningfully differentiate among schools in the State.

ISBE provided evidence of how it is calculating the Academic Achievement indicator, the Other Academic indicator, Graduation Rate indicator, and the Progress in Achieving English Language Proficiency indicator.

### REQUIRED ACTION

Within 30 business days of receiving this report, ISBE must provide the Department with:

- Evidence of final business rules for the college and career high school and climate survey indicators, including evidence that these indicators meet all requirements to be included in the State system of annual meaningful determination.
- Evidence that it has included all required categories of indicators, as approved in its approved consolidated State plan, in making accountability determinations for the 2018-2019 school year (e.g., updated business rules or accountability determinations).

### REQUIREMENT SUMMARY

An SEA must measure, on an annual basis, all required indicators for all students and each subgroup of students. For purposes of the academic achievement indicator, the SEA must ensure that at least 95 percent of all students and each subgroup of students are assessed annually on the State's reading/language arts and mathematics assessments.

ESEA §1111(c)(4)(B), §1111(c)(4)(E), §8101(23), §8101(25)

Z.

## ANNUAL MEANINGFUL DIFFERENTIATION



### REQUIREMENT SUMMARY

A State must establish a system of annual, meaningful differentiation of all public schools in the State based on all indicators in the State's accountability system for all students and for each subgroup of students. Each academic indicator (academic achievement; "other academic" indicator for Elementary and Secondary schools that are not high schools; progress in achieving English language proficiency; and graduation rate for high schools) must receive substantial weight individually and, in the aggregate. Additionally, each academic indicator must receive much greater weight than the school quality or student success indicator(s), in the aggregate. The system must include the differentiation of any school in which any subgroup of students is consistently underperforming, as determined by the State, based on all indicators. Students must be included consistent with the partial attendance requirements in section 1111(c)(4)(F).

ESEA §1111(c)(4)(C), §1111(c)(4)(F)



### ISSUE

Per ESEA §1111(c)(4)(C) a State must establish a system of annual, meaningful differentiation of all public schools in the State based on all indicators in the State's accountability system for all students and for each subgroup of students. Each academic indicator (academic achievement; "other academic" indicator for elementary and secondary schools that are not high schools; progress in achieving English language proficiency; and graduation rate for high schools) must receive substantial weight individually and, in the aggregate. Additionally, each academic indicator must receive much greater weight than the school quality or student success indicator(s), in the aggregate.

For elementary and middle schools ISBE is using reading/language arts and mathematics proficiency, reading/language arts and mathematics growth, and English language proficiency growth that totals 75 percent of its weighting for its system of annual meaningful differentiation. For its school quality and student success measures, ISBE uses chronic absenteeism (20 percent) and climate surveys (5 percent).

For high schools, ISBE uses reading/language arts and mathematics proficiency, graduation rate, and English language proficiency growth that total 75 percent of its weighting for its system of annual meaningful differentiation. The remaining 25 percent come from its School Quality or Student Success indicators: chronic absenteeism (7.5 percent), climate surveys (5 percent), 9<sup>th</sup> grade on track (6.25 percent), college and career readiness (6.25 percent).

ISBE indicated it does not have the business rules for the college and career readiness and climate surveys indicators and does not plan to use them to make

accountability determinations based on data from the 2017-2018 school year. In order to include these indicators in 2017-2018 school year accountability determinations, ISBE plans to award full points to all schools as a “hold-harmless” measure for those two indicators until it can calculate the indicators for all schools. This approach is inconsistent with the requirement that all indicators must meaningfully differentiate among schools.

### **REQUIRED ACTION**

Within 30 business days of receiving this report, ISBE must provide the Department with evidence that all indicators in its approved State plan are included in the system of annual meaningful differentiation and that the School Quality or Student Success indicators each meaningfully differentiate among schools in the State.