

## Hawaii Department of Education

December 5-9, 2011

**Scope of Review:** A team from the U.S. Department of Education's (ED) Student Achievement and School Accountability Programs (SASA) office monitored the Hawaii Department of Education (HIDOE) the week of December 5-9, 2011. This was a comprehensive review of the HIDOE's administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended. Title I, Part A; and Title I, Part D. Also reviewed was Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act (Education for Homeless Children and Youth) as amended.

In conducting this comprehensive review, the ED team carried out a number of major activities. In reviewing the Part A program, the ED team conducted an analysis of the effectiveness of the support measures established by the State to benefit local educational agencies (LEAs) and schools, and reviewed compliance with fiscal and administrative oversight requirements of the State educational agency (SEA). During the onsite week, the ED team visited three LEAs -the Campbell-Kapolei Complex Area, the Kaimuki Complex Area and the McKinley-Roosevelt Complex Area and interviewed the district, public and private school and charter school staff, as well as administrative staff in these LEAs that have been identified for improvement.

In its review of the Title I, Part D program, the ED team examined the State's application for funding, procedures and guidance for State agency (SA) applications under Subpart I; technical assistance provided to SAs; the State's oversight and monitoring plan and activities; SA subgrant plans and local evaluations for projects in the Departments of Public Safety (DPS), and the Department of Juvenile Justice (DJJ); and documentation. The ED team also interviewed administrative, program and teaching staff. The ED team also interviewed the Title I, Part D State coordinator to confirm information obtained at the local sites and discuss administration of the program.

The ED team interviewed administrative, program and teaching staff. The ED team also interviewed the HIDOE Title I, Part D State coordinator to confirm information obtained at the local sites and discuss administration of the program.

In its review of the Education for Homeless Children and Youth program (Title VII, Subtitle B Of the McKinney-Vento Homeless Assistance Act), the ED team examined the State's procedures and guidance for the identification, enrollment and retention of homeless students; technical assistance provided to complex area offices and schools; the State's McKinney-Vento application; and local evaluations of services. The ED team also interviewed the McKinney Vento State coordinator to confirm information obtained at the local site and discuss administration of the program.

**Previous Audit Findings:** None to report.

**Previous Monitoring Findings:** ED last reviewed Title I programs in the HDOE during the week of April 20-24, 2009. ED identified compliance findings in the following areas: the SEAs lack of approved academic content standards for all required subjects or an approved time line for developing them; approved academic achievement standards and alternate academic achievement standards in required subject areas and grades or an approved timeline to create them; publishing an annual report card as required and an Annual Report to the Secretary. In addition, the SEA was cited for failure to ensure that and schools met parental notice and parental involvement requirements, also for not ensuring that requirements for public school choice and supplemental educational services were met. The SEA was also identified for not ensuring that it complied with requirements regarding services to eligible private school children, their teachers and families; the SEA did not ensure that it complied with the comparability provisions of Title I; the HDOE did not ensure that its Committee of Practitioners (COP) was in compliance with the membership requirements of the ESEA; The HDOE did not ensure the timely drawdown of Title I funds from GAPS and the application of Title I funds to the school year those funds were intended to support. The HDOE did not ensure controls over the procurement, recording, custody, use, and disposition of Title I equipment. The SEA did not ensure that each State agency reserved not less than 15 percent and not more than 30 percent of the amount it received under Subpart 1 for transition services nor had the HDOE monitored its Subpart 1 programs. Lastly, the SEA did not ensure that it implemented procedures to address the identification, enrollment and retention of homeless students and it did not conduct monitoring sufficient to ensure compliance with McKinney-Vento program requirements.

#### **Overarching Requirement -SEA Monitoring**

A State's ability to fully and effectively implement the requirements of Title I of the ESEA is directly related to the extent to which it is able to regularly monitor its LEAs and provide quality technical assistance based on identified needs. This principle applies across all Federal programs under the ESEA.

Federal law does not specify the particular method or frequency with which States must monitor their grantees, and States have a great deal of flexibility in designing their monitoring systems. Whatever process is used, it is expected that States have mechanisms in place sufficient to ensure that they are able to collect and review critical implementation data with the frequency and intensity required to ensure effective (and fully compliant) programs under the ESEA. Such a process should promote quality instruction and lead to achievement of the proficient or advanced level on state standards by all students.

Status: Met Requirements.

**Title I, Part A Monitoring Area: Fiduciary Responsibilities**  
**Monitoring Area 3, Title I, Part A: Fiduciary Responsibilities**

Indicator Number	Description	Status	Page
3.1	<ul style="list-style-type: none"> <li>• Within State Allocations, Reallocations, and Carryover. The SEA complies with</li> <li>• The procedures for adjusting ED-determined allocations from funds outlined in §§200.70</li> <li>• 200.75 of the regulations.</li> <li>• The procedures for reserving funds for school improvement, State administration, and (where applicable) the State Academic Achievement Awards program.</li> <li>• The reallocation and carryover provisions in §§ 1126(c) and 1127 of the ESEA.</li> </ul>	Met Requirement	N/A
3.2	LEA Plan. The SEA ensures that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program[§1 I 12].	Met Requirement	N/A
3.3	<p style="text-align: center;">~</p> <p>Within District Allocation Procedures. The LEA complies with the requirements with regard to: (1) Reserving funds for the various set-asides either required or allowed under the statute, and (2) Allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible attendance area.[ §§1113, 1116, 1118,ofthe ESEA and §200.77 and §200.78 of the Title I regulations].</p>	Findings Recommendation	5
3.4	<p>Fiscal Requirements: Maintenance of Effort, Comparability, Supplement, not Supplant, Internal controls, and Reporting --The SEA ensures that the LEA complies with --</p> <ul style="list-style-type: none"> <li>• The procedures for ensuring maintenance of effort (MOE).</li> <li>• The procedures for meeting the comparability requirement.</li> <li>• The procedures for ensuring that Federal funds are supplementing, not supplanting non-Federal sources.</li> </ul>	Findings	6
3.5	Services to Eligible Private School Children. The SEA ensures that the LEA complies with requirements with regard to services to eligible private school children, their teachers, and families. §§ 1120 and 9360 of ESE A, §443 of GEPA and §§200.62-200.67, §200.77 and §200.78 of the Title I regulations.	Findings	6

### **Indicator 3.3 -Within District Allocation Procedures**

**Finding:** The HIDOE did not meet the requirements related to the allocation of Title I funds to schools as evidenced by the following:

- The HIDOE sent a memo to complex area superintendents and Title I principals, the charter schools administrative office executive director and the Title I public charter school director on July 25, 2011 stating "schools with allocations less than \$25,000 will receive a supplement allocation to ensure \$25,000" and subsequently with the reduction this was noted as \$24,625 minimum (with Title I funds). Lower poverty schools cannot receive a higher PP A than a higher ranked poverty school.
- Requirements for the rank ordering of Title I schools in corrective action or restructuring had not been completed. Following a request for comparability determinations data was provided which indicated that schools need to have allocations corrected. For example, some of the schools fell below the requirement to assure no less than 85% of last year's allocation would be provided this year to schools in corrective action or restructuring.

Citation: Section 1113( c) of the ESEA, in general, requires an LEA to allocate Title I, Part A funds to eligible attendance areas or schools in rank order on the basis of the total number of children from low-income families. An LEA may not allocate a lower per-pupil amount to a higher-poverty school than it allocates to a lower-poverty school.

Section 1116 (b)(10)(D) of the ESEA and Section 220.48(b) of the Title I regulations, *Cap on school-level reduction*. An LEA may not reduce by more than 15% the total amount it makes available under subpart A of this part to a school it has identified for corrective action or restructuring.

Further Action Required: The HIDOE must correct the allocations to schools based on the number of children from low-income families and adjust the allocation to the schools that are in corrective action or restructuring that received more than a 15% reduction from the previous year. The HIDOE must provide ED with a description of how the correction was made along

with a copy of the corrected allocation to schools in rank order, noting the schools in corrective action and/or restructuring.

Recommendation: All public schools in the HIDOE with FARMS poverty of 35% or higher are Title I served schools. The PPA is the same for schools in each "District" (Island). Schools with the highest poverty are receiving the same PPA as the school with 35% poverty. It is difficult for high-poverty schools to operate a viable Title I program, including meeting all ten requirements of a schoolwide program, considering the low Title I allocations. ED recommends that the HIDOE review their process for allocation to schools and consider using the State FARMS rate (currently 47.2%) as the cutoff for funding.

Recommendation: Title I, Part A funds were reserved for the homeless program. The HIDOE's Title I office is encouraged to continue to coordinate services for homeless children with the homeless coordinators and assist schools in identifying services provided to meet the needs of homeless students and families (reflected in their school plans).

### **Indicator 3.4 -Fiscal Requirements: Maintenance of Effort, Comparability, Supplement not Supplant, and Internal Controls**

**Finding:** The HIDOE has not ensured that it has provided Title I programs to eligible private school children that meet the requirements related to supplement, not supplant. In some instances, it appears as though the private schools has purchased and is implementing the same

computer program as Title I, and, in some cases, the Title I services are delivered at the same time as the regular school program, resulting in no supplemental assistance being provided for Title I participants. Computers purchased with Title I funds are in the classroom and the regular classroom teacher assigns the Title I children to use the Title I computer and children not receiving Title I to use the school computers. This practice would be supplanting the regular program. In some private schools, it appears that all the teachers are trained by the Title I teacher to use the software.

### **Indicator 3.5 -Services to Private School Students**

**Finding (1):** The HIDOE has not exercised proper oversight in awarding contracts for the provision of Title I services to participating private school children. The HIDOE has contracts with a third party to provide services to private school children and their families. The contract does not have sufficient detail to determine that Title I statutory and regulatory requirements will be met. The contract does not delineate the specific amounts for administration, instruction, family involvement, and professional development, if applicable. The contract does not require the contractor to delineate costs for instruction, professional development, parental involvement, and administration, as applicable on its invoices.

**Citation:** Section 9306(a)(I)&(2) of the ESEA requires an LEA when submitting a consolidated application to ensure that Title I will be administered in accordance with all applicable rules, regulations, program plans, and applications; and the LEA will maintain control of funds provided, and title to any property acquired with Title I funds will be in the LEA, and the LEA will administer those funds and property as required by Title 1. Contracts must contain enough detail on how the third-party provider will implement Title I requirements with detail sufficient to enable LEAs to determine that the Title I statutory and regulatory requirements will be met.

Section 1120(a)(3) of the ESEA requires that educational services to eligible private school children be equitable in comparison to services for public school children. Section 200.77(f) of the Title I regulations requires that LEAs reserve such funds as necessary to administer Title I programs for both public and private school children, including capital expenses, if any, incurred in providing services to eligible private school children, such as (1) the purchase and lease of real and personal property; (2) insurance and maintenance costs; (3) transportation; and (4) other comparable goods and services, including non-instructional computer technicians.

Section 9304(a) requires that the SEA ensure that programs authorized under the ESEA are administered in accordance with all applicable statutes, regulations, program plans, and applications.

**Further Action Required:** The HIDOE must ensure that the contracts for the provision of Title I services to eligible private school children, their teachers, and their families are in accordance with all Title I requirements. The HIDOE must have signed contracts or agreements with thirdparty contractors that provide technical descriptions of the Title I services with detail sufficient to enable the HIDOE to determine that the Title I statutory and regulatory requirements will be met as required by section 9306 of the ESEA. Contracts must specify the precise amount for contractor's administrative costs. Contracts for more than one type of service, for example, for services for private school children, and, if applicable, family involvement and/or professional development, must detail the specific amount(s) for each type of activity. The HIDOE must provide ED with a detailed description of how and when it will correct contracts to meet the requirement, and how it will monitor this requirement. The HIDOE must provide ED with copies of five contracts that meet these requirements.

**Finding (2):** The HIDOE contract with private school contractors outlines a payment schedule without identifying the invoice requirements. The HIDOE has not required contractors to delineate on their invoices the costs for instruction, professional development, parental involvement, and administration, as applicable, and submit documentation to substantiate the charges for these costs.

Citation: Section 9306(a)(5) of the ESEA requires an LEA submitting a consolidated application to use fiscal control and fund accounting procedures that will ensure proper disbursement of, and accounting for, Federal funds paid to the LEA.

Section 443 of the General Education Provisions Act (GEPA) requires each recipient of Federal funds, such as an LEA to keep records that fully disclose the amount and disposition of the funds, the total costs of the activity for which the funds are used, as well as other records as will facilitate an effective financial or programmatic audit.

Section 1120(a)(3) of the ESEA requires that funds generated by private school children must be used for instructional activities if the funds generated by public school children from low-income families are used for instructional activities.

Third-party vendors must list on their invoices expenditures in at least two categories: instructional activities (paid with funds generated by private school children from low-income families) and administrative costs (paid with funds from section 200.77(f) reservations). Within each category, the vendor must provide detail sufficient to enable the LEA to determine that the requested invoices are in accordance with Title I requirements and the GEP A. Information could include the name and salary of each teacher, the instructional materials purchased, and the specific administrative costs, such as supervisor's salary, office expenses, travel costs, capital expense type costs, and fees. Invoices that are for more than one type of service, for example, for services for private school children as well as parental involvement activities for their parents, must break out the third party costs for instruction and family involvement.

LEAs have the authority under the GEP A to require documentation to support requested expenditures.

Further Action Required: The HIDOE must provide ED with evidence that its contract with the third-party provider that are providing services to private school children, their teachers and/or families must include the requirements listed above. In addition, the HIDOE must provide ED with copies of at least three invoices from contractors that meet these requirements.

**Finding (3):** The HIDOE has not ensured that it maintains control of the Title I program being provided for eligible private school children based on the following:

- Private school officials maintain binders that contain Title I fiscal reports. Information on parent involvement policy/plans and home-school compacts. Private schools are not Title I schools.
- A Fixed Assets report for S1. Patrick's School indicated that 42 notebook computers, 38 Dell base computers, and 3 projectors had been purchased with Title I funds. A number of these items listed a private school employee as the user. The school enrolls around 300 students total with approximately 100 students receiving Title I services. Computers were in the classroom and in a computer lab. The private school classroom teacher assures that only the Title I children use the Title I computers.
- Several Purchase orders indicated that materials would per shipped to the private school principal rather than the Title I staff member (direct hire or contracted). One of the interviewed private school official's signature was on an invoice.
- Private school officials are named as the user of the HIDOE fixed assets inventory list (computers, electronic equipment and books etc.).
- Private school officials indicated that that the Title I staff member provides Title I services in the private school classroom. The staff member does not have a designated space, but moves from child to child as needed.
- Private school teachers had access to the Title I software and computers and were able to log-in.
- The HIDOE did not have a process to provide oversight of Title I funded staff contracted to provide services.
- Private school teachers have access to the Title I software and have been trained to access the

Title I program (software) to evaluate progress of regular students. In some schools, it appears that all the teachers are trained by Title I staff.

- In at least one private school, materials and supplies purchased with Title I funds were located in the library with a sign saying "Title I". There were no safeguards to ensure that only Title I participants were using the material with or assigned by the Title I funded staff or contractor.
- In at least one school, computers purchased with Title I funds are located in regular private school classrooms and/or part of the private school's computer lab.
- Title I students have the same password when working with Title I and when accessing the program in the regular classroom.

Citation: Section 1120(d)(1) of the ESEA requires that the LEA maintain control of the Title I funds, materials, equipment and property. Section 1120(b)(1)(B) of the ESEA requires that an LEA consult with appropriate officials from private schools during the design and development of the LEA's program for eligible private school children. After consultation with appropriate private school officials, the LEA must design a Title I program that meets the needs of private school participants. The LEA is responsible for planning, designing, and implementing the Title I program and may not delegate that responsibility to the private schools or their officials.

The LEA should have the exclusive use and control of the Title I space during the time when Title I services are being conducted, but the space may be used for other purposes at other times.

Section 200.66(b)(1) of the Title I regulations requires LEAs to use Title I funds only to meet the special educational needs of participating private school children.

Section 200.66(b)(2) of the Title I regulations prohibit LEAs from using Title I funds for the needs of the private school or the general needs of children in the private school.

Section 200.67(c)(1) of the Title I regulations requires that any Title I-funded equipment or supplies placed in the private school are used for Title I purposes only.

Further Action Required: -The HIDEOE must maintain control of the Title I program being provided to eligible private school children. The HIDEOE must provide ED with:

- Evidence that it has developed a process to maintain control of software, materials, and equipment that it has purchased with Title I funds:
- A description of the process that it has developed to ensure that only Title I staff or participating Title I students have access to Title I software;
- A description of how it will ensure that, when the Title I program is provided in a classroom, the HIDEOE has exclusive use and control of the Title I space during the time when Title I services are being conducted; and,
- A description of how it will provide oversight to its contractors and Title I funded staff.

In addition, the HIDEOE must provide ED with evidence that it has notified its contractors and staff of each of these processes.

The HIDEOE must also meet the requirement that any supplies, materials or equipment purchased with Title I funds be provided for the sole use of the Title I-funded staff to support the Title I services being provided to participating children. In addition, the HIDEOE must provide ED with evidence that Title I purchased equipment located in private schools is placed in a secure location when not being used for Title I services.

**Finding (5):** The RIDOE has not ensured that it has met the requirements regarding the evaluation of the Title I program for private school students, including what constitutes annual progress for the Title I program serving eligible private school children, nor the requirement that these programs annually assess the progress of the Title I program toward enabling participants to meet the agreed-upon standards. The RIDOE has not established the evaluation measure that will be used to assess the

effectiveness of the Title I program.

Citation: Section 1120(b)(1)(D) of the ESEA and section 200.63 (b)(5) of the Title I regulations require an LEA to consult with appropriate officials from private schools during the design and development of the LEA's program for eligible private school students on issues such as how the LEA will assess academically the services to eligible private school students and how the LEA will use the results of that assessment to improve Title I services.

Further Action Required: The RIDOE must provide ED with evidence that, for the 2012-2013 school year, it has met this requirement. This evidence should consist of documentation that the . RIDOE has consulted with private school officials about this topic, as well as the measures that will be used to evaluate the Title I program, and the standards that have been established.

## Title I, Part D

### Summary of Monitoring Indicators

#### Neglected, Delinquent or At-Risk of Dropping-Out Program

<b>Indicator Number</b>	<b>Description</b>	<b>Status</b>	<b>Page</b>
1.1	The SEA conducts monitoring and evaluation of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements and progress toward Federal and State program goals and objectives	Recommendation Findings	12
2.1	The SEA ensures that State Agency (SA) programs for eligible students meet all requirements, including facilities that operate institution-wide projects.	Findings	12
2.2	The SEA ensures that local education Agency (LEA) programs for eligible students meet all requirements.	Met Requirements	N/A
3.1	The SEA ensures each State agency complies with the statutory and other regulatory requirements governing State administrative activities, providing fiscal oversight of the grants including reallocations and carryover, ensuring sub grantees reserve funds for transition services, demonstrating fiscal maintenance of effort and requirements to supplement, not supplant.	Finding Recommendation	13
3.2	The SEA ensures each LEA complies with the statutory and other regulatory requirements governing State administrative activities, providing fiscal oversight of the grants including reallocations and carryover uses of funds.	Met Requirements	N/A

## **Monitoring Area: Title I, Part D**

**Indicator 1.1** The SEA conducts monitoring and evaluation of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements and progress toward Federal and State program goals and objectives.

Recommendation: The ED team recommends that the HIDOE require an annual program evaluation that refers to the previous year's Part D program performance data to accompany or be included in the annual grant application or other submission from each State agency that receives a sub grant. It appeared that no subgrantee has used the performance data collected and submitted to the HIDOE specifically to evaluate annual Title I, Part D program performance. The HIDOE should provide technical assistance on longitudinally tracking performance data and comparing it to State and national performance targets and averages.

**Indicator 2.1** -The SEA ensures that State Agency (SA) programs for eligible students Meet all requirements, including facilities that operate institution-wide projects.

Finding (1): The HIDOE has not ensured that all required State agency application elements were addressed in the applications it approved from the DPS and DJJ. ED observed that the State agency applications were missing several assurances, mention of fiscal maintenance of effort and the designation of a transition coordinator in every funded facility.

Citation: Section 1414( c) of the ESEA lists 19 requirements and assurances that are to be included in a State agency application to be approved by the SEA. Section 1414 (c )(11) of the ESEA requires the designation in the SA application of an individual in each facility participating in the Title I, Part D program to be responsible for issues relating to the transition of children and youth from such facility or institution to locally operated programs.

Further Action Required: The HIDOE must submit to ED a revised State agency application template for FY 2011-2012 that clearly indicates all of the 19 elements that require a description or an assurance as enumerated in section 1414( c) of the ESEA.

Finding(2): The Olomana School (DJJ) had one institution-wide project plan covering 2 sites and 4 other facilities, however every institution is required to submit its own project plan, including a needs assessment, budget and evaluation plan.

Citation: Section 1416 of the ESEA lists 8 requirements of an institution-wide project plan, including a comprehensive needs assessment, instructional program, description of how such funds will be used and an evaluation plan.

Further Action Required: The HIDOE must consult with DJJ to determine whether any funded facility should operate an institution-wide project in FY 2011. If so, it must submit to ED separate institution-wide project plans for each facility.

**Indicator 3.1** -The SEA ensures each State agency complies with the statutory and other regulatory requirements governing State administrative activities, providing fiscal oversight of the grants including reallocations and carryover, ensuring subgrantees reserve funds for transition services, demonstrating fiscal maintenance of effort and requirements to supplement not supplant.

Finding: The HIDOE has not ensured that fiscal maintenance of effort has been demonstrated by the two State agency subgrantees. No mention of it appears on the State agency applications.

Citation: Section 1414(c)(7) of the ESEA states that a State agency that applies for Part 0 funds must submit an application to the SEA that includes data showing that the State agency has maintained the fiscal effort required of a local educational agency in accordance with section 95210 of the ESEA.

Further Action Required: The HIDOE must submit data to EO showing that each State agency has maintained the fiscal maintenance of effort required to operate a Title I, Part 0 program.

Recommendation: EO recommends that the HIDOE set a carryover policy that allows for reallocation of Title I, Part 0 funds to other State agencies when one agency does not use any or a significant percentage of its funds. EO observed that one State agency did not use its grant funds in a previous fiscal year but the other State agency could have used those funds.

## McKinney-Vento Homeless Education Program Summary of Monitoring Indicators

### McKinney-Vento Homeless Education Program

Indicator Number	Description	Status	Page
Indicator 1.1	The SEA conducts monitoring and evaluation of LEAs Recommendation with and without sub grants, sufficient to ensure compliance with McKinney-Vento program requirements.	Recommendation	15
Indicator 2.1	The SEA implements procedures to address the identification, enrollment and retention of homeless students through coordinating and collaborating with other program offices and State agencies.	Recommendation	15
Indicator 2.2	The SEA provides, or provides for, technical assistance to LEAs to ensure appropriate implementation of the statute.	Met Requirements	N/A
Indicator 3.1	The SEA ensures that local educational Agency (LEA) subgrant plans for services to eligible homeless students meet all requirements.	Met Requirements	N/A
Indicator 3.2	The SEA complies with the statutory and other regulatory requirements governing the reservation of funds for state-level coordination activities.	Met Requirements	N/A
Indicator 3.3	The SEA has a system for ensuring the prompt resolution of disputes	Met Requirements	N/A

## **Monitoring Area: McKinney-Vento Homeless Education Program**

**Indicator 1.1** -The SEA conducts monitoring and evaluation of LEAs with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.

**Recommendation:** The ED team recommends that the use performance data submitted to ED to for complex and school-level needs assessments and program evaluation. The HIDEOE should provide technical assistance on longitudinally tracking performance data and comparing it to State and national performance targets and averages.

**Indicator 2.1** -The SEA implements procedures to address the identification, enrollment and retention of homeless students through coordinating and collaborating with other program offices and State agencies.

**Recommendation:** The ED team recommends that the HIDEOE better coordinate its complex and school-level staff for the McKinney-Vento program with the Title I, Part A program. In interviews with complex area liaisons, almost none were familiar with the Title I, Part A program and ways it can support the achievement of homeless students. The HIDEOE plans for joint professional development is a good way to further coordination and implementation of requirements for school wide programs to coordinate with housing programs, and for the provision of comparable services in non-Title I schools, shelters and other places where . homeless students reside.