

Iowa Department of Education (IDE)
October 31 – November 3, 2011

Scope of Review: A team from the U.S. Department of Education's (Department) Student Achievement and School Accountability (SASA) programs office monitored the Iowa Department of Education (IDE) the week of October 31-November 3, 2011. This was a comprehensive review of the IDE's administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended: Title I, Part A (Fiduciary Requirements) and Title I, Part D. Also reviewed was Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act (also known as the McKinney-Vento Homeless Education Assistance Improvements Act of 2001).

In conducting this review, the SASA team carried out a number of activities. In reviewing the fiduciary requirements of the Title I, Part A program, the SASA team reviewed compliance with fiscal and administrative oversight requirements of the State educational agency (SEA). During the onsite week, the SASA team visited two LEAs – Waterloo Community School District (WCSD) and Des Moines Independent Community School District (DMICSD).

In its review of the Title I, Part D program, the SASA team examined the State's application for funding; procedures and guidance for State agency (SA) applications under Subpart 1; technical assistance provided to SAs; the State's monitoring plan and activities; SA subgrant plans; and local evaluations for projects in the Iowa Department of Human Services (DHS), the Department of Corrections (DOC), the Ames Community School District (ACSD), and the DMICSD. The SASA team also interviewed the Title I, Part D State coordinator to 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 SASA team examined the State's procedures and guidance for the identification, enrollment and retention of homeless students; technical assistance provided to LEAs with and without subgrants; the State's McKinney-Vento application; LEA applications for subgrants; and local evaluations for projects in the DMICSD and the ACSD. The SASA team also interviewed the liaison from a non-subgrantee district, the Nevada Community School District (NCSD), and the McKinney-Vento State coordinator to confirm information obtained at the local sites and discuss administration of the program.

Previous Audit Findings: Fiscal year (FY) 2009 fiduciary audit findings concerning State educational agency (SEA) payroll distribution and LEA application process.

Previous Monitoring Findings: SASA last reviewed Title I programs in the IDE during the week of September 10-14, 2007. SASA identified compliance findings in the following areas for Title I, Part A:

- (1) There were discrepancies in the IDE policies regarding the inclusion in assessments of students with disabilities (SWD) and limited English proficient (LEP) students;
- (2) The Statewide definition of LEP was inconsistent;

- (3) The IDE failed to monitor the administration of assessments used for Title I purposes;
- (4) Adequate yearly progress (AYP) determinations for school year (SY) 2006-2007 were not provided to all LEAs prior to the beginning of the school year;
- (5) Some students were not included in AYP determinations at the schools or LEA in which they were enrolled, but were included at the State level;
- (6) (6) SEA Report Card was missing requirements;
- (7) The IDE did not adequately monitor LEA Report Cards to make sure that they were compiled and distributed annually and included all requirements;
- (8) The IDE did not ensure that LEAs met all requirements for identifying and assessing the academic achievement of LEP students;
- (9) The IDE failed to ensure that parent notification letters were sent to parents in a timely manner and included required and accurate information;
- (10) The IDE did not ensure that parents were involved in the development and evaluation of school parental involvement plans or that LEA parental involvement policies were evaluated annually;
- (11) The IDE did not ensure that LEAs with schools in improvement involved parents in the development of school improvement plans;
- (12) Supplemental educational services (SES) requirements not met and/or consistently implemented;
- (13) SES did not begin on timely;
- (14) SES provider agreements were missing required elements;
- (15) ESEA, 1003(a) school improvement funds were not distributed in accordance with the IDE's consolidated application;
- (16) LEAs identified for improvement did not appropriately reserve funds using their total Title I, Part A allocation;
- (17) The IDE did not ensure that LEAs reserved the required amount for parental involvement and distributed 95% of that amount to schools;
- (18) The IDE did not ensure that LEAs met requirements related to reserving funds for required reservations;
- (19) The IDE did not ensure that LEAs correctly calculated equitable services for Title I-eligible private school students, their teachers and families;
- (20) The IDE did not ensure that LEAs correctly calculated the maximum per-pupil amount for SES;
- (21) The IDE did not ensure that LEAs correctly calculated comparability;
- (22) Evaluations of the Title I program were not conducted in private schools;
- (23) Title I-eligible students in private schools were not selected using multiple, objective, educationally-related criteria;
- (24) The IDE did not ensure that LEAs maintained control of the Title I program in private schools;
- (25) The IDE did not ensure that complaint policies and procedures were available at the LEA level and no complaint procedures were in place at the IDE: and.
- (26) The IDE did not ensure that its Committee of Practitioners included all required members.

SASA also identified compliance findings in the following areas for Title I, Part D:

- (1) The IDE did not ensure that State agencies' (SA) applications contained all required Part D, Subpart 1 elements;
- (2) The IDE did not ensure that SA programs followed the requirements for developing and operating an institution-wide program; and
- (3) The IDE did not ensure that SAs were reserving the required amount of funds for transition services.

Overarching Requirement – SEA Monitoring

A State's ability to implement fully and effectively the requirements of the ESEA is directly related to the extent to which the SEA is able to monitor regularly 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. Despite the process used, it is expected that States have mechanisms in place sufficient to ensure that States 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, as amended. Such a process should promote quality instruction and lead to achievement of the proficient or advanced level on State standards by all students.

Recommendation: The Department recommends that the IDE monitor its high-risk LEAs, such as the DMICSD, more frequently. Currently, the IDE monitors its LEAs every three to seven years, depending on the LEA's allocation size, and the DMICSD has not been monitored in four years.

Title I, Part A: Fiduciary Responsibilities

Indicator Number	Description	Status	Page
3.1	<p>The SEA complies with—</p> <ul style="list-style-type: none"> • The procedures for adjusting ED-determined allocations outlined in sections 200.70 – 200.75 of the regulations. • The procedures for reserving funds for school improvement, State administration, and (where applicable) the State Academic Achievement Awards program. • The reallocation and carryover provisions in sections 1126(c) and 1127 of the Title I statute. 	Met Requirements	N/A
3.2	<p>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.</p>	Recommendation	6
3.3	<p>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 of the ESEA and § 200.77 and §200.78 of the Title I regulations]</p>	Findings (5)	6
3.4	<p>The SEA ensures that the LEA complies with---</p> <ul style="list-style-type: none"> • The procedures for ensuring maintenance of effort (MOE) as outlined in §1120A and 9021 of the ESEA. • The procedures for meeting the comparability requirement as outlined in § 1120A of the ESEA. • The procedures for ensuring that Federal funds are supplementing and not supplanting non-Federal sources used for the education of participating children as outlined in §1120A of the ESEA, §1114 of the ESEA, §1115 of the ESEA, and §1116 of the ESEA. 	Finding	9
3.5	<p>The SEA ensures that the LEA complies with requirements with regard to services to eligible private school children, their teachers and their families. § 1120 and 9306 of the statute, § 443 of GEPA, and §§ 200.62 – 200.67, 200.77 and § 200.78 of the Title I Regulations.</p>	Findings (5)	10

Title I, Part A: Fiduciary Responsibilities

3.2 LEA Plan

Recommendation: The Department recommends that the IDE implement additional controls in its electronic LEA application system that will alert it if information is not entered or calculated correctly.

3.3 Within District Allocation Procedures

Finding (1): The IDE has not ensured that its LEAs are correctly calculating equitable services for private school students regarding parental involvement requirements. The WCSD and DMICSD could not provide evidence that private schools received the correct amount of funds generated by Title I eligible private school students for parental involvement.

Citation: Section 1118(a)(3)(A) of the ESEA requires an LEA that receives an allocation of more than \$500,000 to reserve not less than one percent of its allocation for parental involvement activities and the Title I, Part A (Title I) regulations in 34 C.F.R. § 200.65 requires an LEA to ensure that families of participating private school children participate on an equitable basis in parent involvement activities. The amount of funds provided from the LEA reservation should be proportionate to the number of private school children from low-income families residing in participating public school attendance areas. Additionally, after consulting with appropriate private school officials, the LEA must conduct parent involvement activities for the families of participating private school children either in conjunction with the LEA's parent involvement activities or independently.

Further action required: The IDE must provide the Department with evidence that the IDE provided guidance to its LEAs regarding this requirement and a description of the IDE's process for ensuring LEAs meet this requirement. The IDE must also provide documentation that the WCSD and the DMICSD correctly calculated the parental involvement equitable services requirement for school year (SY) 2011-12. This is a repeat finding from the 2007 monitoring report.

Finding (2): The IDE has not ensured that its LEAs allocated their Title I funds only to eligible school attendance areas and schools. Based on the poverty and allocation data shown in the LEA application data provided by IDE, the WCSD allocated Title I funds to Kingsley Elementary School, which was not an eligible school attendance area. Kingsley Elementary School attendance area's poverty rate of 33.4 percent did not exceed the lower of the district-wide poverty rate of 55.5 percent or 35 percent.

Citation: Section 1113(a) and (b) of the ESEA provides that a school attendance area or school is eligible if its percentage of children from low-income families is at least as high as the percent of children served by the LEA as a whole, or 35 percent, whichever is lower. Specifically section 1113(a)(2)(B) states that an eligible school attendance area means a school attendance area in which the percentage of children from low-income families is at least as high as the

percentage of children from low-income families served by the LEA as a whole. Section 1113(b)(1)(A) further provides that an LEA may designate as eligible any school attendance area or school in which at least 35 percent of the children are from low-income families.

Further Action Required: The IDE must have the WCSD recalculate its SY 2010-11 allocations to its eligible Title I schools to reflect that the Kingsley Elementary attendance area should not have received a Title I allocation. The WCSD must then adjust for the differences in the SY 2010-11 allocation amounts for each eligible school attendance area when the district determines its SY 2011-12 allocations. The IDE must provide documentation that the WCSD has recalculated its SY 2010-11 Title I allocations correctly and made the necessary adjustments in its SY 2011-12 allocations to eligible Title I school attendance areas to reflect the correction. The IDE must also provide documentation that it has implemented controls in its electronic application system to identify allocation errors, such as the one cited in this finding, before it approves LEA applications.

Finding (3): The IDE has not ensured that its LEAs, when allocating Title I funds to eligible school attendance areas in rank order, have allocated a higher per-pupil amount (PPA) for school attendance areas and schools with higher percentages of children from low-income families than to school attendance areas and schools with lower percentages of poverty. In the DMICSD, the SY 2010-11 PPA for Hiatt Middle School, which had a poverty rate of 89.11 percent, was \$435. The PPA for Hiatt Middle School, however, was lower than the \$500 PPA for Moulton Elementary School, which was ranked immediately below Hiatt Middle School and had a lower poverty rate of 86.73 percent. This also occurred for Harding Middle School's Title I allocation. The PPA for Harding Middle School, which had a poverty rate of 83.95 percent, was \$435. The allocations for the next three lower ranked schools (Madison, Cattell, and McKinley Elementary Schools, which all had lower poverty rates) had PPAs that were \$500.

Citation: The Title I regulations in 34 C.F.R. § 200.78(c) provide that while an LEA is not required to allocate the same per-pupil amount to each participating school attendance area or school, the LEA must allocate a higher per-pupil amount to schools with higher percentages of poverty than to school attendance areas or schools with lower percentages of poverty.

Further Action Required: The IDE must have the DMICSD recalculate its SY 2010-11 Title I allocations to ensure that the PPAs for participating school attendance areas or schools with higher poverty rates are higher than the PPAs for areas or schools with lower percentages of poverty. The DMICSD must adjust for the differences in the SY 2010-11 allocation amounts for each eligible school in its SY 2011-12 allocations. The IDE must provide documentation that the DMICSD has recalculated its SY 2010-11 Title I allocations correctly and has made the necessary adjustments in its SY 2011-12 allocations to participating Title I schools to reflect the correction. The IDE must also provide documentation that it has implemented controls in its electronic application system to identify allocation errors, such as the one cited in this finding, before it approves LEA applications.

Finding (4): The IDE has not ensured that its LEAs, when reserving Title I, Part A funds for choice-related transportation services and supplemental education services (SES), have not reduced the Title allocations to individual schools identified for corrective action or restructuring

by more than 15 percent. There was no evidence that the WCSD or the DMICSD had taken this requirement into consideration when determining Title I, Part A allocations for the seven schools in the DMICSD and the two schools in the WCSD that have been identified for corrective action or restructuring.

Citation: Section 1116(b)(10)(D) of the ESEA and the Title I regulations in 34 C.F.R. § 200.48(b) state that an LEA may not reduce Title I allocations to schools identified for corrective action or restructuring by more than 15 percent.

LEAs may satisfy this requirement through one of two methods. First, an LEA may set a floor of 85 percent of its prior-year allocation for any school identified for corrective action or restructuring. Under this approach, an LEA reserving Title I funds for choice-related transportation and supplemental educational services would not be permitted to reduce its allocation to an affected school below this 85-percent floor.

Under the second method, in making allocations to schools for a given year, an LEA would calculate two allocations. For the first allocation, the LEA would determine a “pre-reservation” allocation to schools before setting aside funds for choice-related transportation and supplemental educational services (but after any other reservations, such as those made for administrative costs and district-wide activities like professional development and parental involvement). Then, for schools identified for corrective action or restructuring, the LEA would calculate what 85 percent of those schools’ “pre-reservation” allocation would be. The LEA would determine a second allocation for all schools after reserving funds for choice-related transportation and supplemental educational services. For schools in corrective action and restructuring, the LEA would then compare this allocation with 85 percent of their “pre-reservation” allocation and allocate the higher of the two to those schools. The allocations to the other schools would be ratably reduced in order to ensure that schools in corrective action and restructuring receive their hold-harmless amounts.

Further Action Required: The IDE must provide evidence that it has issued guidance to its LEAs regarding this requirement and provide a description of the IDE’s process for ensuring LEAs meet this requirement. Documentation from the IDE may take the form of letters to LEAs, specific guidance it has issued, or an agenda for technical assistance meetings the IDE has held that address this issue. The IDE must also provide documentation that it has implemented controls in its electronic application system to ensure that LEAs meet this requirement when they determine their allocations to participating Title I schools.

Finding (5): The IDE has not ensured that the PPAs used by its LEAs in the allocation of Title I funds to some individual school attendance areas and schools were large enough to enable the school to operate a program of sufficient size, scope, and quality to provide a reasonable assurance that the program implemented at the school would successfully meet the intent and purposes of Title I. For example, the PPAs for North High School and Scavo Alternative High School in the DMICSD were \$25. As a result, the Title I allocation for North High School, which has an enrollment of 1,170 students and a 74.6 percent poverty rate, was only \$21,825, and the Title I allocation for Scavo Alternative High School, with an enrollment of 305 students and a 71.15 percent poverty rate, was \$5,425. The DMICSD staff indicated that the PPA for

North High School was low because the school received \$2 million in ESEA section 1003(g) School Improvement Grant (SIG) funds. (Scavo Alternative High School received no SIG funds.) While an LEA has flexibility in determining the PPA it uses to allocate Title I funds to individual school attendance areas or schools, the \$25 PPA that the DMICSD used to allocate Title I funds to these two high schools was not sufficient to operate a viable Title I program at those schools—especially when compared to the \$500 PPA that the DMICSD used to allocate Title I funds to elementary school attendance areas with similar poverty rates.

Citation: Section 1113 of the ESEA and 34 C.F.R. § 200.78 require that an LEA allocate Title I funds to its school attendance areas or schools in rank order of each attendance area's poverty percentage and number of children from low-income families in each school. The intent of section 1113 of the ESEA and 34 C.F.R. § 200.78 is to target Title I funds on school attendance areas and schools with the highest concentrations of poverty, and hence the greatest need, in sufficient amounts to provide services that have an impact on the populations served. Once an LEA has served all school attendance areas and schools with a poverty percentage greater than 75 percent, it may rank and serve areas and schools by grade span and need not allocate the same PPA per grade span. The LEA must, however, allocate a PPA for each grade span that results in each school to be served receiving a sufficient amount of Title I funds to operate a viable Title I program.

Further Action Required: The IDE must provide an explanation from DMICSD justifying how the \$25 PPA it used to allocate Title I funds to North High School and Scavo Alternative High school is sufficient to operate a viable Title I program at those two schools—especially when other schools with similar poverty rates received Title I allocations based on a PPA of \$500. Otherwise, beginning with SY 2011-12, the IDE must ensure that its LEAs, when allocating Title I funds to individual school attendance areas and schools, provide enough funds to each school so that it can operate a Title I program of sufficient size, scope, and quality to provide a reasonable assurance that the program implemented at the school will successfully meet the intent and purposes of Title I. As noted earlier, an LEA has flexibility in determining the PPA it uses to allocate Title I funds to individual school attendance areas or schools provided it is enough to operate a viable program that meets the intent and purposes of Title I. One way for an LEA to gauge how much is a reasonable PPA is to examine the PPAs it uses to allocate Title I funds to other attendance areas or schools with similar poverty rates in other grade spans.

3.4 Comparability

Finding: The IDE has not ensured that its LEAs have properly complied with comparability requirements to ensure that Title I schools are comparable with non-Title I schools. A review of the most recent comparability computation forms from SY 2010-11 for WCSD, where all of its elementary schools are Title I schools, shows that the schools within the group were not substantially comparable in terms of their instructional staff to pupil ratios. Five of its 11 Title I schools fell outside the 90 to 110 percent range that the Department has established in guidance as the standard for being in substantial compliance with the comparability requirement. In addition, one of the WCSD's schools, Lou Henry Elementary School, was not included in the comparability computations.

Citation: Section 1120A(c)(1)(A) of the ESEA states that an LEA may receive Title I funds only if it uses State and local funds to provide services in each Title I school that is at least comparable to services that, taken as a whole, an LEA provides to schools not receiving Title I funds. (Or, if all schools in an LEA are Title I schools, each school must be substantially comparable.) The purpose of this requirement is to ensure that each Title I school receives an equitable share of State and locally supported resources that would otherwise flow to it in the absence of Title I. When all of the schools in a comparison group are Title I schools, section 1120A(c)(1)(B) of the ESEA provides flexibility by allowing all schools to be substantially comparable. However, the variance from the average must fall within reasonable bounds to ensure that the intent and purpose of the comparability requirement are met. Variations beyond 90 or 110 percent of the average for all schools would undermine the intent and purposes of the comparability requirement and does not reflect that the schools are comparable.

Further Action Required: The IDE must submit documentation showing that for SY 2011-12 all of WCSD's Title I elementary schools (if it continues to allocate Title I funds to all of its elementary schools) are substantially comparable and that the instructional staff to pupil ratio used to determine comparability falls within the 90 and 110 percent of the average for all of the schools. This is a repeat finding from the 2007 monitoring report.

3.5 Services to Eligible Private School Children

Finding (1): The IDE has not ensured that its LEAs are meeting the requirement related to conducting timely and meaningful consultation between LEA and private school officials as evidenced by the following:

- Although Title I programs began in August for eligible public school children, the WCSD noted in its LEA application that consultation with private school officials did not occur until November.
- The DMICSD's application noted that consultation with private school officials occurred in September. Private school officials interviewed in the WCSD and the DMICSD said that they did not find the consultation meaningful, if it occurred at all.

Citation: Section 1120(b)(1)(2) of the ESEA, and the Title I regulations in 34 C.F.R. §. 200.63(a) require that LEAs conduct timely and meaningful consultation with appropriate private school officials during the design and development of the LEA's program for eligible private school children.

Further action required: The IDE must ensure that its LEAs are meeting requirements related to conducting timely and meaningful consultation between LEAs and private school officials. The IDE must provide the Department with (1) documentation that it has issued written guidance to all of its LEAs regarding this requirement and (2) evidence from the WCSD and the DMICSD that timely consultation has occurred for SY 2012-13.

Finding (2): The IDE has not ensured that its LEAs are meeting the requirement for maintaining records of written affirmations forms signed by LEA and private school officials

acknowledging that consultation has occurred. In the DMICSD, written affirmation forms were not provided to private school officials or signed by LEA and private school officials to verify that consultation had occurred.

Citation: Section 1120(b)(4) of the ESEA and the Title I regulations in 34 C.F.R. § 200.63(e)(1) require LEAs to maintain in its records and provide to the SEA written affirmation, signed by officials of each private school with participating children or appropriate private school representatives, that the required consultation has occurred.

Further action required: The IDE must provide the Department with documentation for SY 2012-13 for the WCSD and the DMICSD that written affirmations were signed by both parties. The IDE must also provide the Department with documentation regarding the IDE's process for collecting those forms.

Finding (3): The IDE has not ensured that its LEAs are meeting the requirement to consult with private school officials in deciding how equitable services provided to eligible private school students will be academically assessed and how the results of that assessment will be used to improve those services. The WCSD and the DMICSD failed to evaluate the Title I program serving private school children.

Citation: Section 1120(b)(1)(D) of the ESEA and the Title I regulations in 34 C.F.R. § 200.63(b)(5) require that after consulting with appropriate private school officials, the LEA determines how it will assess the academic impact of the Title I services provided to eligible private school children and how the LEA will use the results of that assessment to improve those services.

Further action required: The IDE must ensure that its LEAs, as part of the consultation process, make a determination as to what standards and assessments will be used to measure the annual progress of the Title I program provided to private school participants. For SY 2011-12, the IDE must provide evidence that both LEAs have consulted with the private schools being served. This is a repeat finding from the 2007 monitoring report.

Finding (4): The IDE has not ensured that its LEAs are meeting the requirement for maintaining control of the Title I program they provide to eligible private school children. For example, the WCSD did not label Title I supplies and materials properly; and, the DMICSD failed to label Title I supplies and materials at all. Neither the WCSD nor the DMICSD selected Title I-eligible students using multiple, educationally related, objective criteria established by the LEA. Both LEAs allowed the private schools to determine the types of Title I services to be provided to eligible children.

In addition, the DMICSD allowed the Diocese to purchase supplies and materials and be reimbursed by the LEA. In an interview at one private school visited in the DMICSD, the principal said that he signed invoices for equipment purchased. The private school principal further indicated that he intended to use equipment purchased with Title I funds for all students at the school. Additionally, the Title I teacher at the private school visited in the DMICSD stated that she periodically provides Title I assistance in reading to non-Title I students.

Citation: Section 1120(d)(1) of the ESEA and the Title I regulations in 34 C.F.R. § 200.67(a) state that the LEA must maintain control of funds provided under Title I. Therefore, title to materials, equipment, and property purchased with such funds, shall be with the public agency, and the public agency shall administer such funds, materials, equipment and property.

Section 1115(b)(1)(B) of the ESEA states that children must be selected for targeted assistance or targeted assistance-like programs using multiple, educationally related, objective criteria established by the LEA and supplemented by the school, except that children from preschool through grade 2 shall be selected solely on the basis of such criteria as teacher judgment, interviews with parents, and developmentally appropriate measures.

Section 1120(b)(1)(B) of the ESEA and 34 C.F.R. § 200.63(b)(2) state that an LEA must consult with appropriate private school officials regarding what services will be offered to eligible Title I students in private schools. Additionally, 34 C.F.R. § 200.64(b)(4) states the LEA must make the final decisions with respect to the services it will provide to eligible private school children.

The Title I regulations in 34 C.F.R. § 200.66(b)(2)(i-ii) state that an LEA may not use Title I funds for the needs of the private school or the general needs of children in the private school, and 34 C.F.R. § 200.67(c)(1) states the LEA must ensure that the equipment and supplies placed in a private school are used only for Title I purposes.

Further action required: The IDE must provide technical assistance to the WCSD and the DMICSD and provide a description regarding how the IDE has ensured that all items are labeled correctly. For SY 2012-13, the WCSD and the DMICSD must provide evidence of when they consulted with private school officials regarding the selection of students and what multiple selection criteria were used in the selection, which is a repeat finding from the 2007 monitoring report. The IDE must also provide a description of how the WCSD and the DMICSD have designed the Title I program for private schools for SY 2012-13.

The IDE must also provide evidence that it has required the DMICSD to cease the practices concerning reimbursement from Title I funds for purchases made directly by the Diocese as well as to cease providing services to non-Title I eligible students in the private schools being served described in the second paragraph of this finding.

Finding (5): The IDE has not ensured that its LEAs are meeting the requirement of informing private school officials through consultation of their right to submit a written complaint to the SEA when they believe the LEA has not engaged in timely and meaningful consultation or considered the views of the private school. The DMICSD did not inform private school officials of their right to submit a complaint to the SEA that timely and meaningful consultation did not occur.

Citation: Sec. 1120(b)(5)(A)(B) of the ESEA and 34 C.F.R. § 200.63(f)(1) state that as a part of the consultation process with appropriate private school officials or their representatives, LEAs must inform private school officials of their right to file a complaint with the SEA if they believe that the LEA did not engage in timely and meaningful consultation or consider their views.

Further action required: The IDE must submit evidence that it has revised its complaint procedures to include a process for hearing equitable services complaints from private school official and provide documentation that the IDE has shared the revised procedures with LEAs.

**Title I, Part D
Summary of Monitoring Indicators**

Neglected, Delinquent or At-Risk of Dropping-Out Program			
Indicator Number	Description	Status	Page
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.	Finding	14
2.1	The SEA ensures that State Agency (SA) programs for eligible students meet all requirements, including facilities that operate institution-wide projects.	Met Requirements	N/A
2.2	The SEA ensures that local education agency (LEA) programs for eligible students meet all requirements.	Finding Recommendation	15
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.	Met Requirements	N/A
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, and allowable uses of funds.	Met Requirements	N/A

Monitoring Area: Title I, Part D

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.

Finding: The IDE has not ensured that Title I, Part D, Subpart 2 programs are monitored for compliance with Title I, Part D requirements. From an LEA interview, representatives stated that the district Subpart 2 program had not been monitored in the last seven years. The SEA interview and documentation showed there are 41 Neglected and 20 Delinquent Subpart 2 programs within 32 LEAs. The IDE monitored only three districts with N or D programs in SY 2010-11 and has plans to monitor three districts in SY 2011-12.

Citation: Section 1414 of the ESEA contains assurances that programs assisted under Title I, Part D will be carried out in accordance with the State plan. Additionally, the SEA is required to ensure that the State agencies and LEAs receiving Part D subgrants comply with all applicable

statutory and regulatory requirements. Further, section 1426 of the ESEA requires the SEA to hold LEAs accountable for demonstrating student progress in identified areas. Finally, section 9304(a) of the ESEA requires that the SEA ensure that programs authorized under the ESEA are administered with all applicable statutes, regulations, program plans and applications.

Further action required: The IDE must submit to ED a plan that ensures it will monitor a greater proportion of its Subpart 2 subgrantees once every three to five years, including an assessment of which LEA subgrantees have not been monitored in five or more years, which have had indications of program compliance or performance issues since the last review, which could receive remote or desk reviews, and which ones should receive site visits by program office or other SEA staff. Upon submission of this plan and risk assessment data, ED will determine whether a sufficient number of LEA subgrantees are going to be reviewed in SY 2011-12.

2.2 The SEA ensures that Local Educational Agency (LEA) programs for eligible students meet all requirements.

Finding: ED observed that the Subpart 2 sections of the consolidated applications were missing a description of formal agreements between the LEA and each facility served.

Citation: Section 1423 of the ESEA lists 13 requirements and assurances that are to be included in LEA applications to be approved by the SEA. Section 1425 describes the program requirements for correctional facilities entering into agreements with LEAs to provide services.

Further action required: The IDE must submit to ED a revised Title I, Part D, Subpart 2 LEA application template for FY 2011 that requires every local correctional facility being served by Title I, Part D funds through the LEA to have completed a formal agreement with the LEA to receive such funded services. A representative agreement between one facility and LEA applicant as well as a checklist accounting for the presence of formal agreements between all the other local delinquent facilities and LEA applicants will suffice.

Recommendation (1): ED recommends that the IDE raise the Neglected or Delinquent Residential Institution Child Count threshold for an LEA to be eligible to apply for Title I, Part D, Subpart 2 funds. The SEA has set the number of facility children to determine program eligibility at a minimum of ten. This is a very low number to generate sufficient funds to provide high quality education programs as defined in section 1421. Furthermore, section 1422(a) of the ESEA states that “the State educational agency shall award subgrants to LEAs with high numbers or percentages of children residing in locally operated (including county operated) correctional facilities for children and youth (including facilities involved in community day programs). Reducing the number of LEA applicants and facilities served may help the SEA ensure higher quality programs and provide more frequent oversight.

Recommendation (2): ED recommends that the IDE revise the Title I, Part D, Subpart 2 application to follow the order of application elements listed in section 1423 of the ESEA. The current application seems to emphasize the program budget and frame the program requirements for Title I, Part A, thus we could not easily determine whether all of the required and optional descriptions were included. In particular, Subpart 2 neglected program descriptions appeared to

be lacking many of the application elements or expected descriptions, even though several of these elements reference mainly youth in correctional facilities or delinquency prevention. ED also recommends that an application review checklist follow the order of elements in the statute to assure that nothing required or expected is missing.

**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 with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.	Met Requirements	N/A
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.	Finding	17
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 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

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.

Finding: In one interview, the local liaison did not know about the Title I reservation amount or services provided to homeless students through this amount. There was no consultation between Title I and McKinney-Vento programs regarding the reservation and coordination between Title I and McKinney-Vento programs and services was not apparent ED made a recommendation concerning this topic in its last review of the program.

Citation: Section 1113 (c)(3)(A) of Title I, Part A of the Elementary and Secondary Education Act requires that districts receiving Title I, Part A funds reserve funds to provide comparable services to homeless students enrolled in non-Title I schools as well as at locations where they may reside. This reservation may also be used to provide educationally-related support services to homeless students in Title I schools. Section 1112(a)(1) of the ESEA requires that the Title I, Part A program coordinate with the McKinney-Vento Act at the State and local levels. Section 1112(b)(E)(ii) of the ESEA requires that LEA applications describe how services for homeless

children will be coordinated and integrated with the Title I, Part A program in order to increase program effectiveness. Additionally, section 1112(b)(1)(O) of the ESEA requires a description of services to be provided through the LEA reservation to homeless students in non-Title I schools.

Further action required: ED requires the IDE to provide further written guidance to Title I coordinators and district homeless liaisons concerning the need for closer coordination in determining a suitable reservation of funds for homeless students from Title I, Part A. Furthermore, in its approval of LEA applications, IDE must ensure that every LEA has described how services for homeless children will be coordinated and integrated with the Title I, Part A program. It must submit to ED evidence that this description is part of the application review process.