

**Georgia Part B 2008 Verification Visit Letter  
Enclosure**

**I. General Supervision System**

***Critical Element 1: Identification of Noncompliance***

*Does the State have a general supervision system that is reasonably designed to identify noncompliance in a timely manner using its different components?*

**Verification Visit Details and Analysis**

The State uses its general supervision system, including dispute resolution processes, focused monitoring, record reviews, timeline reports, budget reviews, and audit reports to identify noncompliance.

The State chooses local educational agencies (LEAs) for focused monitoring visits based on performance. The State Advisory Panel (SAP) assists the State educational agency (SEA) in determining priority indicators used to select LEAs for focused monitoring. These priority areas include math and reading performance, dropout rates, and disproportionality. The State also may consider least restrictive environment (LRE) data and amount of time since the last focused monitoring visit in selecting LEAs for focused monitoring. LEAs are divided into five size groups, and the State selects LEAs from the bottom quartile of each size group. Focused monitoring visits include interviews of central office staff, building administrators, teachers, school psychologists, paraprofessionals, parents, and students; classroom observations; and record reviews.

In addition to focused monitoring, the State's monitoring procedures include cyclical record reviews. Each LEA receives a record review once every five to six years. During a record review, the State samples student records from elementary, middle, high, charter, and State schools. School records, which are from a variety of teachers, cover a range of students with disabilities within each school. During a record review, the State also interviews administrative staff regarding compliance indicators and procedures, data collection, and fiscal procedures.

Additionally, the State uses LEA timeline reports to identify noncompliance. Each July, LEAs submit timeline reports that contain data regarding timely initial evaluations and transition of children from Part C to Part B programs. The State selects a sample of LEAs from each size group to verify information submitted in timeline reports. LEAs chosen for timeline report verification must submit additional data, supporting their reported data, to the State.

The State notifies LEAs of findings of noncompliance in a report to the local superintendent with a copy to the local special education director. The report outlines the findings of noncompliance, specifies what the LEA must do to correct the noncompliance, and indicates the date by which the LEA must correct the noncompliance. The State sends reports to local superintendents within 30 days following a focused monitoring visit, within two weeks following a record review, and within two to three months following timeline reports.

**OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has a general supervision system that is reasonably designed to identify noncompliance in a timely manner using its different components. OSEP cannot, however, without collecting data at the local level, determine whether the State's procedures are fully effective in identifying noncompliance in a timely manner.

**Required Actions/Next Steps**

No action is required.

***Critical Element 2: Correction of Noncompliance***

*Does the State have a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner?*

**Verification Visit Details and Analysis**

The State outlines any required corrective action in the State's report notifying the LEA of noncompliance. The LEA must describe its strategies for correction in a corrective action plan. The LEA must complete the required corrective action (and the State must verify correction) as soon as possible, and in no case later than one year, after the date of the report identifying the noncompliance, or, in the case of a student-level finding, typically within six weeks of the date of the report. In order for the LEA to demonstrate correction and for the State to verify correction, the State may ask the LEA to submit quarterly data reports, documentation of training, and/or a sample of individualized education programs (IEPs). The State also reported that it generally asks for documentation of correction one month prior to the actual due date in order to ensure that the State can verify that correction has occurred within the one-year timeline.

The State utilizes a continuous monitoring method to ensure correction. After an LEA submits a corrective action plan, the State makes three visits to the LEA to provide technical assistance, support and resources. During each of the three visits, the State examines the LEA's progress on required actions and provides feedback to the LEA on its progress. The State also reported that it may provide Part B funds, reserved for State-level activities, to assist LEAs in the implementation of corrective action plans. The State informed OSEP that the continuous monitoring method has helped to build capacity in LEAs and to improve their ability to correct noncompliance. In its FFY 2006 APR, the State reported 95.52% compliance under Indicator 15 regarding timely correction of noncompliance.

The State reported that sanctions, as authorized by State law, include providing targeted technical assistance, issuing a letter to the local superintendent that specifies required actions that must occur to address the uncorrected noncompliance, requiring public reporting of noncompliance by LEAs with uncorrected noncompliance, directing expenditures of Part B funds, and withholding of Part B funds. The State imposes sanctions if an LEA has not achieved compliance within one year of the State's identification of the noncompliance. The first level of sanctions includes targeted technical assistance. If the noncompliance

continues, the State then notifies LEAs of specific strategies that the LEA must include in a subsequent corrective action plan. The State reported that if an LEA does not achieve compliance within one year after the State's identification of the noncompliance, the State may direct the LEA to use a portion of its Part B funds for activities designed to correct the noncompliance. The State provides each LEA with an additional opportunity to correct noncompliance before the State proceeds with withholding funds from the LEA.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has a general supervision system that is reasonably designed to ensure correction of identified noncompliance in a timely manner. OSEP cannot, however, without also collecting data at the local level, determine whether the system is fully effective in correcting noncompliance in a timely manner.

### **Required Actions/Next Steps**

No action is required.

### ***Critical Element 3: Dispute Resolution***

*Does the State have procedures and practices that are reasonably designed to implement the dispute resolution requirements of IDEA?*

### **Verification Visit Details and Analysis**

#### **State Complaints**

The State has tracking systems to monitor the timeliness of complaint decisions and of correction of noncompliance identified in complaint decisions. In an effort to increase the timely resolution of State complaints, the State added additional staff to serve as complaint investigators, who participated in training offered by the Southeast Regional Resource Center. The State indicated that it found this strategy to be successful in increasing the timely resolution of State complaints.

The Part B regulations at 34 CFR §300.152(a) require each State to include in its State complaint procedures a time limit of 60 days after the complaint is filed under 34 CFR §300.153 to initiate and complete the activities listed in 34 CFR §300.152(a)(1) through (5), unless the time limit is extended because exceptional circumstances exist with respect to a particular complaint; or the parties agree to extend the time to engage in mediation or other alternative dispute resolution, if available in the State. 34 CFR §300.152(a) and (b)(1)(i) and (ii). States must ensure that the 60-day timeline for complaint resolution begins on the date that the SEA receives the complaint. While a State may gather additional information from a complainant and provide opportunities for the complainant and the LEA to resolve disputed issues, these activities must occur within the 60-day timeline or an appropriately extended timeline, which begins on the date that the State receives the complaint.

During the verification visit, the State reported that it is the State's practice to evaluate a complaint to determine if it would be appropriate to contact the complainant and/or the LEA to discuss the allegations and possible solutions before it initiates the investigation. OSEP

found, based on interviews with State staff and a review of complaint records from FFY 2006, that the State did not always begin the 60-day timeline on the date that the State received the complaint. Rather, the State sometimes began the 60-day timeline after its call to the complainant and/or the LEA. OSEP reviewed five State complaints from FFY 2006, and found that in three of five complaints, the State did not complete the investigation within 60 days of the date that the State received the complaint. According to the State's complaint log, the State delayed the beginning of the timeline for these complaints between four and 16 days. This represents noncompliance with the requirements in 34 CFR §300.152(a) governing timely complaint resolution.

The Part B regulations require that the SEA issue a written decision to the complainant that addresses each allegation in the complaint and contains findings of fact and conclusions and the reasons for the SEA's final decision. 34 CFR §300.152(a)(5). OSEP's review of five State complaints from FFY 2006 showed that the State does not consistently address each allegation contained in the complaint in its final decision as required by 34 CFR §300.152(a)(5). Although OSEP recognizes that in some cases the State grouped multiple specific allegations into a single broad allegation, OSEP found that some State complaint decisions did not address all of the specific allegations of violations of Part B that were included in the State complaint. For example, one complaint that OSEP reviewed alleged that the LEA failed to provide extended school year services, but the State's decision did not address that allegation in any manner. This represents noncompliance with 34 CFR §300.152(a)(5) regarding the content of the State's written decisions to complainants.

#### Due Process Hearings

The Office of State Administrative Hearings (OSAH) is responsible for managing and conducting due process hearings. Administrative Law Judges act as hearing officers for the hearings. The State supports training for hearing officers by sending interested judges to national and local trainings. The State determines training needs by reviewing decisions for consistency with the IDEA and reviewing reasons for extensions to timelines.

District liaisons are responsible for ensuring the implementation of hearing decisions. The State uses a database to track implementation of hearing decisions and correction of noncompliance identified through hearing decisions. The State also tracks implementation of hearing decisions through focused monitoring visits.

The Part B regulations at 34 CFR §300.515(a) require that a final decision in a due process hearing is reached and mailed to the parties not later than 45 days after the expiration of the 30-day resolution period under §300.510(b), or the adjusted time periods described in §300.510(c). In addition, under 34 CFR §300.515(c), a hearing officer may grant specific extensions of time beyond the 45-day timeline at the request of either party. Pursuant to these requirements, a hearing officer may only extend the 45-day timeline for a hearing decision at the request of a party, and, in extending the timeline, must specify either the length of the extension or the new date by which the hearing officer must mail the decision to the parties.

OSEP's review of documents and interviews with staff indicated that the State is not ensuring compliance with the requirement that hearing officers grant specific extensions of the 45-day timeline for issuing final decisions for due process hearings at the request of a party that specify either the length of the extension or the new date by which the decision must be reached and mailed to the parties as required at 34 CFR §300.515(a) and (c). OSEP reviewed the files for four of the five FFY 2006 hearings with extended timelines. OSEP found that the four files included documentation that the hearing officers granted the extensions of the 45-day timeline at the request of a party. However, only one of the four hearing files contained documentation that the hearing officer specified the length of the extension or the new date by which the hearing officer was required to reach a decision. This represents noncompliance with the requirements of 34 CFR §300.515(a) and (c) governing timely due process hearing decisions.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP determined the State has not demonstrated that it has procedures and practices that are reasonably designed to implement all of the dispute resolution requirements of IDEA. Specifically, OSEP finds that the State failed to demonstrate compliance with requirements regarding the 60-day timeline for State complaint resolutions (34 CFR §300.152 (a)), requirements regarding issuing a written decision to a complainant that addresses each allegation in the complaint (34 CFR §300.152 (a)(5)), and requirements for granting specific extensions of the 45-day timeline for issuing final decisions in due process hearings (34 CFR §300.515(a) and (c)).

### **Required Actions/Next Steps**

With its FFY 2007 APR, due February 2, 2009, the State must provide documentation that:

- a. The State complies with the 60-day time limit for issuing a written decision for a State complaint, and begins the 60-day timeline on the date that the State receives the complaint (34 CFR §300.152(a)).
- b. The State issues written decisions to each complainant that address each allegation in the State complaint (34 CFR §300.152(a)(5)).
- c. The State ensures compliance with the requirement that hearing officers grant specific extensions of the 45-day timeline for issuing final decisions in due process hearings at the request of a party that specify either the length of the extension or the new date by which the hearing officer must mail the decision to the parties (34 CFR §300.515(a) and (c)).

Also in the State's FFY 2007 APR, due February 2, 2009, the State must ensure that data reported for FFY 2007 for Indicators 16 and 17 are consistent with the timeline requirements of Part B of the IDEA (i.e., that for Indicator 16, the State counts a State complaint decision as timely only if the State issues the decision within 60 days from the date that the State received the complaint or within an appropriately extended timeline; and that for Indicator 17, the State counts a due process hearing decision as reached within an extended timeline only if there is documentation that the hearing officer granted a specific extension of the 45-

day timeline at the request of a party that specified either the length of the extension or the new date by which the decision must be reached and mailed to the parties).

***Critical Element 4: Improving Educational Results***

*Does the State have procedures and practices that are reasonably designed to improve educational results and functional outcomes for all children with disabilities?*

**Verification Visit Details and Analysis**

In interviews with OSEP staff during the verification visit, the State explained that improving performance results for graduation for all students and decreasing dropout rates are high priorities for the State. The first goal of the Georgia Department of Education's (GaDOE) strategic plan is to improve graduation rates. Since the effort is department-wide, the State encourages a high level of collaboration between divisions. The State is entering its second year of a Federal State Personnel Development Grant (SPDG) that is geared toward reducing the dropout rate. The State is working with the National Dropout Prevention Center for Students with Disabilities to provide assistance to one cohort of a high school and its feeder middle schools in each LEA. Additionally, the State is concentrating efforts on effective transitions and utilizing dropout data to select LEAs for focused monitoring. For the past four years, the State has participated in national State team meetings and conferences to refine and update the State plan for transitioning, reducing dropout rates and improving graduation rates.

Previously, the State had a State Improvement Grant that provided funding for training on LRE and through that effort developed six training modules that can be accessed electronically through the State's online training program, Illuminate. The State also established a "model site" for LRE in Cobb County to develop best practices and gather outcome data. The State reported that it will use data collected through this process to inform practices throughout the State. Although LRE is not a priority indicator in the State's focused monitoring, the State does review LRE data before conducting on-site monitoring reviews and asks teachers and students about the full continuum of services offered in the LEA.

The State works with Head Start, Babies Can't Wait (the State's Part C early intervention program), and the Georgia Department of Early Care and Learning (DECAL) to ensure that preschool children with disabilities receive special education and related services in settings with typically developing peers to the maximum extent appropriate. The State employs a staff member who serves as the program consultant for young children and works with all agencies that provide services for preschool children. The State utilizes LRE inclusion grants to provide training to providers and teachers on strategies and skills necessary for providing services in an inclusive environment.

The State is working collaboratively with DECAL on a literacy project to help improve preschool outcomes. DECAL has developed standards for four-year-olds that align with the Georgia State standards. The State is also working with Smart Start and the Learning

Disability Association of America to develop a set of indicators that parents can use to help determine if their children are meeting developmental milestones toward literacy.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has procedures and practices that are reasonably designed to improve educational results and functional outcomes for all children with disabilities.

### **Required Actions/Next Steps**

No action is required.

### ***Critical Element 5: Implementation of Grant Assurances***

*Does the State have procedures and practices that are reasonably designed to implement selected grant assurances (i.e., monitoring and enforcement, significant disproportionality, private schools, CEIS, NIMAS and assessment)?*

### **Verification Visit Details and Analysis**

#### **Public Reporting and Determinations**

As a part of its monitoring and enforcement responsibilities under section 616 of the IDEA and 34 CFR §300.600(a), each State must annually report to the public on the performance of each LEA against the State's SPP/APR targets and must make an annual determination for each LEA. The State meets this reporting requirement by publishing a district profile for each LEA on the SEA's website, in which the State reports the LEA's performance against targets in the State's SPP. The State worked with its SAP and other stakeholders to develop a plan to make local determinations. The State reviews each LEA's compliance and performance on SPP/APR indicators and completes a rubric which the State sends to the LEA by March 1 each year, and informs the LEA's superintendent and special education director regarding the LEA's determination and any required enforcement action.

#### **Private Schools**

The State has 655 private schools. According to Georgia State law, the definition of "private schools" also includes home schools. The State monitors the provision of special education and related services for students that are parentally-placed in private schools through the budget and assurance process. LEAs must submit an annual budget and consolidated application which include the number of parentally-placed students who are eligible for special education and related services within the LEA. The State monitors to ensure that LEAs are spending a proportionate amount of Federal Part B funds on providing special education and related services for parentally-placed children with disabilities in accordance with 34 CFR §300.133(a). Pursuant to 34 CFR §300.134, the State requires LEAs to maintain documentation of timely and meaningful consultation between the LEA and private school representatives and representatives of parents of parentally-placed private school children with disabilities during the design and development of special education and related services for parentally-placed private school children with disabilities.

*Significant Disproportionality and Coordinated Early Intervening Services (CEIS)*

The State has developed a comprehensive system to examine data for each LEA to determine if significant disproportionality based on race and ethnicity is occurring in the State and in the LEAs of the State with respect to the identification of children as children with disabilities, including in specific disability categories, the placement of these children in particular educational settings, and the incidence, duration, and type of disciplinary actions in accordance with 34 CFR §300.646(a). If the State makes a determination of significant disproportionality based on its examination of an LEA's data, the State requires the LEA to conduct a review, and if appropriate, revision of policies, procedures, and practices used in identification, placement, or discipline of children with disabilities to ensure compliance with Part B; to reserve 15% of Part B funds for CEIS; and to report publicly on the revision of policies, procedures, and practices, consistent with 34 CFR §300.646(b). LEAs use a self-assessment to conduct the review of policies, procedures, and practices. Following the completion of the self-assessment, the LEA drafts a corrective action plan to address the areas of concern regarding significant disproportionality based on race or ethnicity in identification, placement, or disciplinary actions. The State also uses information contained in the self-assessment to target areas of need for CEIS.

The State's student information system allows LEAs to disaggregate data to the student level in order to target students at-risk for needing special education and related services. LEAs can develop a report on each student receiving CEIS through the student information system. The State reported that it verifies data reported by LEAs regarding significant disproportionality and CEIS through focused monitoring and record reviews.

*NIMAS*

The State has adopted the National Instructional Materials Accessibility Standard (NIMAS) and coordinates with the National Instructional Materials Access Center (NIMAC) in accordance with 34 CFR §300.172. LEAs must submit an assurance regarding compliance with NIMAS in their consolidated applications. In Georgia, all LEAs have chosen to coordinate with NIMAC. The SEA has worked with the textbook division and examines agreements with publishers to ensure that they include appropriate language providing that blind persons, and other persons with print disabilities, receive instructional materials in accessible formats in a timely manner. While LEAs may choose their own textbooks, textbooks must be from the approved State list that includes textbooks from publishers with the required agreement in place. The State monitors compliance with NIMAS requirements through focused monitoring and record reviews and reviews IEPs of blind children, or other children with print disabilities. It is the practice in Georgia to specify whether a student is receiving instructional materials in an alternate format. The State also monitors compliance with NIMAS through interviews and classroom observations during focused monitoring visits to ensure that blind and other children with print disabilities receive instructional materials in a timely manner.

*Assessment*

The State monitors to ensure that LEAs comply with Part B requirements for statewide and districtwide assessments in accordance with 34 CFR §300.160. The State conducts record reviews, provides joint training with GaDOE's assessment division, and provides online

training to ensure that statewide and districtwide assessments comply with Part B. The State uses results from the assessment process to select LEAs for focused monitoring for the purpose of improving performance within selected LEAs. The State also uses the assessment data to select LEAs to participate in the SPDG and to design technical assistance to improve student performance in math and reading. Further, the State requires LEAs to use assessment data to develop their annual improvement plans which focus on improved performance. The State's public reporting on the participation of children with disabilities in statewide assessments occurs consistent with 34 CFR §300.160(f).

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP believes the State has procedures and practices that are reasonably designed to implement selected grant assurances (i.e., monitoring and enforcement, significant disproportionality, private schools, CEIS, NIMAS and assessment). OSEP cannot, however, without also collecting data at the State and local levels, determine whether these procedures and practices are sufficient to ensure that LEAs in the State effectively implement these selected grant assurances.

### **Required Actions/Next Steps**

No action is required.

## **II. Data System**

### ***Critical Element 1: Collecting and Reporting Valid and Reliable Data***

*Does the State have a data system that is reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner?*

### **Verification Visit Details and Analysis**

LEAs submit data to the State via a web-based application. Each data collection has business rules and edits that are based on State and Federal requirements. All users have definitions, standards, layouts and links to rules. The State provides new directors with training and other ongoing mechanisms, such as workshops and monthly conference calls, to ensure that all LEAs are receiving required information and assistance.

The State uses an audit system to review accuracy of data. LEA personnel input data at the local level, where there is a first level of edit checks. LEAs then upload data into the State system where there is another level of edit checks in the file layout. LEAs may not submit data if edit checks built into the software indicate that there are errors. The State conducts year-to-year comparisons to identify any potential data anomalies.

To ensure the validity and reliability of data collected for APR indicators and section 618 of the Act, the State provides guidance and edit checks at both the State and local levels. The State also verifies data through record reviews, focused monitoring and through a web-based application for reporting. The State ensures that data collected during on-site monitoring are

consistent across reviewers by providing ongoing training each fall and throughout the school year, reviewing various sources, and monitoring in teams.

As a part of the verification visit, OSEP specifically inquired into the State's guidance and data collection methodology for SPP/APR Indicators 4, 8, 9, 10, 11, 12, 13, and 14. The State provided information demonstrating that the data it collected for these indicators were consistent with the required measurements.

Although the State reported 100% compliance for timely complaint resolutions under Indicator 16 in its FFY 2006 APR, as explained above in General Supervision Critical Element 3, OSEP has determined through records reviewed during the verification visit that those data were inaccurate because the State did not always begin the 60-day timeline on the date that the State received a State complaint. Similarly, although the State reported 100% compliance for timely due process hearing decisions under Indicator 17 in its FFY 2006 APR, as explained above in General Supervision Critical Element 3, OSEP has determined through records reviewed during the verification visit that those data were inaccurate because the State counted some due process hearings as timely even though the hearing officer failed to specify the amount of time for the extension in granting an extension of the 45-day timeline at the request of a party to the hearing.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes, with the exception of data on the timeliness of State complaint and due process hearing decisions described above in General Supervision Critical Element 3, the State has a data system that is reasonably designed to collect and report valid and reliable data and information to the Department and the public in a timely manner. OSEP cannot, however, without also conducting a review of data collection and reporting practices at the local level, determine whether all public agencies in the State implement the State's data collection and reporting procedures in a manner that is consistent with Part B.

### **Required Actions/Next Steps**

See the required actions noted above for General Supervision Critical Element 3.

### ***Critical Element 2: Data Reflect Actual Practice and Performance***

*Does the State have procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance?*

### **Verification Visit Details and Analysis**

The State ensures that data it collects and reports reflect actual practice by using a system of checks and balances and training personnel at all levels. Data collectors at the school level receive training each fall and throughout the year. At the local level, data are reviewed by local personnel and approved by local superintendents. The State then examines data by using a detailed data analysis. When the State finds errors, it generates questions that compliance monitors use during focused monitoring visits. The State reviews each set of data elements before on-site visits. In addition, as part of on-site monitoring visits, the State

selects a sample of records for students with disabilities and compares those data with the data in the data system for those students.

**OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has procedures that are reasonably designed to verify that the data collected and reported reflect actual practice and performance. OSEP cannot, however, without conducting a review of data collection and reporting policies at the local level, determine whether all public agencies in the State implement the State's data collection and reporting procedures in a manner that reflects actual practice and performance.

**Required Actions/Next Steps**

No action is required.

*Critical Element 3: Integrating Data Across Systems to Improve Compliance and Results*  
*Does the State compile and integrate data across systems and use the data to inform and focus its improvement activities?*

**Verification Visit Details and Analysis**

The State uses its data systems for continuous improvement, monitoring, technical assistance, and ongoing support for LEAs. LEAs use data to develop local improvement plans and to direct professional development activities. The State's data system provides functions that allow users to disaggregate, compile and compare data to be used to analyze and present data to parents, teachers, principals and other stakeholders to ensure the investment of stakeholders in improvement activities.

The State has designed the Comprehensive LEA Improvement Plan (CLIP) process to focus improvement activities. Sources for the CLIP include data for APR indicators, disproportionality and CEIS, complaints and due process hearings, and data from monitoring, record reviews, LEA report cards, LEA annual reports and adequate yearly progress (AYP) determinations. LEAs present data from the various sources to stakeholders and use them to create the LEA's CLIP, including the LEA's corrective action plan, targets, performance goals and indicators, and improvement activities.

**OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State compiles and integrates data across systems and uses the data to inform and focus its improvement activities.

**Required Actions/Next Steps**

No action is required.

### **III. Fiscal System**

#### ***Critical Element 1: Timely Obligation and Liquidation of Funds***

*Does the State have procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds?*

#### **Verification Visit Details and Analysis**

Each year, the State estimates its budget based on the prior year's allocation. Similarly, the State instructs LEAs to submit their budgets based on the prior year's allocation. Budgets must reflect program goals, maintenance of effort (MOE), reservation of Part B funds for CEIS, and proportionate share of Part B funds to be used for children with disabilities who are parentally-placed in private schools. The local board approves the LEA budget and the State finance office then reviews the budget. The State monitors obligation and liquidation of Part B funds throughout the year through expenditure reports and draw-down systems. Eight months after the beginning of the fiscal year, LEAs receive notice from the State if 50% of Part B funds have not been drawn down. A staff member in the special education department is specifically designated to monitor fiscal matters and review all special education budgets. To help ensure that LEAs obligate Part B funds in a timely manner, the State requires its LEAs to file a completion report at the end of the first year of the grant award period and again at the end of the 15 additional months granted by the Tydings Amendment. OSEP confirmed through the U.S. Department of Education's Grants Administration and Payment System (GAPS) that the State expended all of its FFY 2004 and FFY 2005 Part B funds in a timely manner.

#### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has procedures that are reasonably designed to ensure the timely obligation and liquidation of IDEA funds. OSEP cannot, however, without collecting data at the State and local levels, determine whether all public agencies in the State implement fiscal procedures that ensure the timely obligation and liquidation of IDEA funds.

#### **Required Actions/Next Steps**

No action is required.

#### ***Critical Element 2: Appropriate Distribution of IDEA Funds***

*Does the State have procedures that are reasonably designed to ensure appropriate distribution of IDEA funds within the State?*

#### **Verification Visit Details and Analysis**

The State complies with Federal requirements in calculating subgrant allocations to LEAs and other State agencies. All systems that receive funds, including charter and State-operated schools, must give assurances regarding MOE, supplement not supplant, and other appropriate accounting procedures. LEAs with students parentally-placed in private schools (which under State law include home schools) must complete a proportionate share form.

The State provides information to LEAs each year regarding the distribution process including a description of how Part B funds must be used. State auditors also review State and LEA financial systems to ensure the appropriate expenditure of Part B funds. The State has not established an LEA Risk Pool.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has procedures that are reasonably designed to ensure appropriate distribution of IDEA funds within the State. OSEP cannot, however, without collecting data at the State and local levels, determine whether all public agencies in the State implement fiscal procedures that ensure appropriate distribution of IDEA funds.

### **Required Actions/Next Steps**

No action is required.

### ***Critical Element 3: Appropriate Use of IDEA Funds***

*Does the State have procedures that are reasonably designed to ensure appropriate use of IDEA funds?*

### **Verification Visit Details and Analysis**

The State has a designated staff member who communicates with the finance office and with other divisions regarding financial matters. The finance office allows each program to manage its budget and then monitors the draw-down and distribution of funds. All funds within the State receive a separate funding code which the State uses to track both Part B and other funds. Each program and project has a specific accounting code in the accounting system.

The State ensures that LEAs use Part B funds to supplement and not supplant State, local, and other Federal funds through review of the required LEA application assurances, monitoring, State audits and MOE reports. The State compares the State and local expenditure information that each LEA provides in its MOE report with the expenditure information for the prior fiscal year to ensure that the LEA has expended at least as much as it spent in the prior fiscal year. In the limited circumstances where the LEA has proposed to reduce effort, the State reviews the budget information to ensure that the LEA reduces effort by no more than 50% of the amount of any excess. The State reviews the LEA's application to verify whether the LEA uses an amount of local funds equal to the reduction in expenditures to carry out activities that could be supported with funds under the Elementary and Secondary Education Act in accordance with 34 CFR §300.205(b).

Before LEAs are required to submit their Part B applications, the State informs LEAs with significant disproportionality of the dollar amount that is equal to 15% of their total Part B subgrant. For LEAs that do not have significant disproportionality, the State informs the LEA of the maximum amount they can expend for CEIS (15% of their total Part B subgrant).

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The State conducts two annual meetings to review budget, use of funds, and other topics necessary for LEAs to complete their Part B application, which is a part of a consolidated application. The State requires all LEA directors to attend an annual regional meeting to receive instructions for all Part B fiscal requirements.

### **OSEP Conclusions**

Based on the review of documents, analysis of data, and interviews with State and local personnel, OSEP believes the State has procedures that are reasonably designed to ensure appropriate use of IDEA funds. OSEP cannot, however, without collecting data at the State and local levels, determine whether all public agencies in the State implement fiscal procedures that ensure appropriate use of IDEA funds.

### **Required Actions/Next Steps**

No action is required.