

Arizona Part B 2009 Verification Visit Letter

Enclosure

I. General Supervision

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 Arizona Department of Education's (ADE) Office of Exceptional Student Services (ESS), reports using its monitoring and dispute resolution systems to identify noncompliance. ADE indicated that it revised its monitoring system in July 2009, and the Office of Special Education Programs (OSEP) confirmed through the review of documents and data that the revised system is currently being implemented. The State reported that the purpose of revising its monitoring system was to: (a) increase the focus on making data-based decisions; and (b) to ensure the identification and correction of noncompliance in a timely manner, consistent with OSEP Memorandum 09-02 to Chief State School Officers, issued October 17, 2008 (OSEP Memo 09-02).

The State indicated that it defines a "finding of noncompliance" as a written notification from ADE to the Public Education Agency (PEA), i.e., local educational agency, of any violation of Part B of the Individuals with Disabilities Education Act (IDEA) or of State law or regulations. PEAs are notified of findings of noncompliance through ADE's monitoring and dispute resolution systems. Staff reported that if a PEA's level of compliance for any requirement is below 100%, the ADE identifies and issues a written summary of findings that sets out the violation of the IDEA and/or State rules. For any requirement where compliance is 94% or below, systemic noncompliance is identified. The 94% or below level is used to define the degree of correction needed. OSEP reviewed seven monitoring reports issued for the FFY 2008-2009 performance period that included both child-specific and systemic noncompliance findings in the areas of eligibility determinations, initial evaluations, and individualized education program (IEP) content.

ADE reported that it refers to its cyclical monitoring system as the "Integrated Monitoring System to Improve Outcomes for Students with Disabilities." ADE indicated that 610 PEAs are monitored over a six-year cycle. If systemic issues are identified, the State maintains the flexibility to conduct an on-site monitoring visit of that PEA, but the level of monitoring generally is determined through the use of a Monitoring Category Decision Worksheet (MCDW) that documents the data and information gathered from data reviews, self-assessments, and on-site monitoring to identify noncompliance at the child-specific and systemic levels.

As reported, in order to determine the level of monitoring for each PEA, the State administers the MCDW. The MCDW is a scoring mechanism used to assess each PEA's performance on all Federal and State performance and compliance indicators and other priority areas such as fiscal audit findings. Scoring of the rubric is based on a six point rating scale that ranges from negative one to four. The MCDW score places the PEA in the monitoring categories of data review, self-assessment and/or on-site visit. The State reviews, with the PEA, the results of the MCDW including the identification of potential noncompliance and the need for technical assistance.

The State identifies at least 100 PEAs annually to receive an on-site monitoring visit that includes all PEAs that achieved a rubric score of less than zero on the MCDW and those PEAs that are scheduled for an on-site monitoring visit for the monitoring cycle, based on a six year monitoring cycle.

The State reported that it assigns an Education Program Specialist to every PEA that completes the MCDW, including Charter School PEAs and Secure Care Programs (i.e., juvenile detention facilities). The Education Program Specialist facilitates the data reviews, analyzes the self-assessments, and conducts the on-site monitoring activities for each of their assigned PEAs. The PEA directors and coordinators meet with the Education Program Specialist to discuss the analysis of the data, review policies and procedures, and, identify and provide any technical assistance or resources needed to address the needs of the PEAs.

The ADE staff told OSEP that if noncompliance is identified through the analysis of the data from the data review and/or the self-assessment, a written finding is issued to the PEA generally within seven days, but in no case later than 90 days. During the on-site verification visit, OSEP staff looked at examples of completed data review and self-assessment forms to confirm that these procedures were implemented as reported. The findings of noncompliance from the on-site monitoring process are generally issued within seven days of the visit.

Data Review

The State reported that the Data Review includes a review of files to verify the PEA's level of performance and compliance with Federal and State requirements. The ADE staff described for OSEP the procedures used to conduct a data review for Indicators 9, 10, 11, 12 and 13. ADE reported that the data review form is disseminated to the PEAs in October. The PEA staff completes and submits the data review form to the ADE no later than January. The data consists of a review of all initial evaluations, initial IEPs for the specific reporting year and all IEPs for students 16 years of age and older. The ADE staff reviews and verifies the accuracy of the data and identifies noncompliance. If the ADE identifies child-specific or systemic noncompliance, a written finding is issued.

The State reported that in order for a PEA to attain a rubric score of four it must have: 1) met all performance and compliance targets contained in the MCDW; 2) timely corrected dispute resolution findings or had no such findings; 3) achieved a determination of "Meets Requirements" for the last two years; and 4) current and approved policies and procedures.

Self-Assessment

The ADE staff reported that PEAs that achieve a rubric score of zero to three (i.e., do not meet the targets for the Federal and State performance and compliance indicators in the MCDW) complete a self-assessment. The self-assessment includes a review of all low performance and compliance areas identified from the MCDW. The PEAs complete the self-assessment in November and report the results to ADE in December of the monitoring year cycle. In addition, the PEAs conduct a root cause analysis of low performance areas to identify causal factors contributing to the noncompliance and any additional areas of noncompliance.

On-site Monitoring

On-site monitoring is implemented for PEAs that achieve a rubric score of less than zero as indicated by the MCDW. The ADE staff reported that, at least six weeks prior to an on-site monitoring visit, surveys are disseminated to general and special education teachers, special education administrators, students, parents and related service providers. The survey questions are aligned with the targeted State and Federal compliance and performance priority areas. Each question is linked to an IDEA or State requirement. The responses from interviewees are entered into a database and a list of potential areas of noncompliance is generated. The ADE staff indicated that during the on-site monitoring visit, further investigation including follow-up inquiries are conducted in the potential areas of noncompliance identified from the survey results to determine the level of compliance. OSEP reviewed samples of survey forms and scoring rubrics and found them consistent with the State's description.

The on-site monitoring visit consists of verifying data collected from data reviews, local interviews, and the review of policies, procedures and practices for all IDEA requirements, including but not limited to the following State priority areas: (1) child find; (2) evaluation/re-evaluation; (3) IEP; (4) least restrictive environment (LRE); (5) post-secondary transition; and (6) parental participation. Staff reported that student file reviews are conducted using a random sampling selection process. The number of files selected for review are based on the number of special education students, for example, if 101-250 special education students are enrolled in a PEA, then 45-50 records are reviewed. If 501 or more special education students are enrolled in a PEA, 75-85 records are selected for review. Files selected for review are based on the State-identified criteria including: (1) files representing students from each school site; (2) 50% of files for students with initial placements within the current year; (3) files for students evaluated and found not eligible; (4) files across disability categories; (5) files addressing LRE placement; (6) files for English language learners; (7) files of 16 year olds; (8) files for students who exit from special education; (9) files for students suspended or expelled; and (10) files for high school graduates.

ADE reported conducting staff interviews with the local administrator and special education administrator in all PEAs during on-site monitoring. The interview questionnaire consists of twelve questions for the local administrator that focus on the status of performance relative to: (1) best practices being implemented in the school; (2) LRE; (3) qualified personnel; (4) suspension and expulsion; (5) manifestation determination; and (6) other concerns. The responses to these questions are recorded and correlated with compliance indicators, as appropriate, to determine the level of compliance.

Staff reported that the final phase of the on-site monitoring visit is an exit conference conducted by the State staff with the PEA director. During the exit conference, State staff enters the monitoring data into the computer and the computer program automatically transfers the data into a proposed summary of findings. The ADE staff discusses the areas of strengths, concern, and proposed findings with the PEA director. Within seven days from the on-site monitoring visit, ADE issues a written summary of findings that includes: (1) the citation of State or Federal regulation; (2) the noncompliant policy, procedure or practice; (3) a timeline to develop a corrective action plan (CAP); (4) the number of findings from the on-site monitoring; and (5) any outstanding CAPs that were the result of the dispute resolution system.

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. However, OSEP cannot, without collecting data at the local level, determine whether the State's procedures are fully effective in identifying compliance 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

During the visit, the State defined timely correction for: (1) child-specific findings to mean within 60 days of the written notification; and (2) systemic findings to mean within one year from the written notification. OSEP Memo 09-02 requires the State to demonstrate correction of identified noncompliance by verifying that the PEA: (1) is correctly implementing the specific regulatory requirements; and (2) has corrected each individual case of noncompliance, unless the child is no longer within the jurisdiction of the LEA. Through interviews with ADE and review of documents, OSEP learned about ADE's procedures for correcting noncompliance.

OSEP reviewed monitoring reports issued for the FFY 2008-2009 APR performance period and the CAP tracking chart detailing each PEA's progress toward correction of identified noncompliance. OSEP's review of these documents confirmed correction of the child-specific noncompliance within 60 days for 106 of the 107 PEAs and 103 of the 107 PEAs demonstrated timely correction of the systemic noncompliance. OSEP learned that the State verifies correction of noncompliance by conducting a minimum of three follow-up visits to the PEA following any monitoring activity when noncompliance is identified. During the follow-up visits, updated data are reviewed to determine: (1) if the PEA is correctly implementing the specific regulatory requirements; and (2) has corrected each individual case of noncompliance. The updated data that are reviewed for child-specific findings are taken from student files from the recent monitoring, subsequent to the finding, to verify that the child received the services although late. To verify systemic correction, ADE reviews a sampling of new files and conducts interviews with the special education administrators during subsequent on-site follow-up visits. A web-based system that collects and maintains the data, is utilized to track the correction of all noncompliance and verify correction at the child-specific and systemic levels.

ADE provided OSEP with documentation reporting that findings from the State's dispute resolution system were also corrected consistently with the State's procedures to ensure timely correction for child-specific and systemic noncompliance. The State reported that findings from State complaints are documented in a Letter of Finding (LOF). Findings of fact from hearing determinations are analyzed and tracked by the Director of Dispute Resolution. The State reported that any CAP resulting from a State Complaint is entered into a database and tracked by the Corrective Action Compliance Monitor (CACM). The CACM verifies the implementation of any corrective action by reviewing all of the documentation provided by the PEA and then

makes a determination if the finding is corrected through a review of data that indicates that the child received the service, although late, and based on updated data. In addition, the State reported that the CACM is also responsible for reviewing a sampling of new files and conducting interviews with the special education administrators during subsequent on-site follow-up visits.

ADE reported that the Director of Dispute Resolution is responsible for ensuring the implementation of hearing determinations and for verifying the correction of noncompliance identified by the hearing officer. The Director of Dispute Resolution notifies the PEA of the required evidence to document correction of the identified noncompliance, timeline for submission of evidence, then verifies that the PEA has complied with the terms of the hearing determination. As with verifying the effective completion of CAPs resulting from State Complaints, the CACM reviews a sampling of new files and conducts interviews with the special education administrators during subsequent on-site follow-up visits to ensure that the specific regulatory requirement is being implemented.

The ADE staff told OSEP that, under the Arizona Revised Statutes and Administrative Codes, it has the authority to impose sanctions or take enforcement action when a PEA or charter school fails to correct the noncompliance within one year from the issuance of the written finding. The enforcement options available to the State include: (1) interruption of IDEA payments or withholding of 10% of State funds, for charter schools not receiving IDEA funds; (2) appointment of a special monitor at the PEA's expense; (3) permanent withholding of funds; (4) revocation of a school's charter; (5) interruption of State aid under certain conditions; and (6) referral of the matter to the Attorney General for legal assistance. The State reported that during the FFY 2006-2007 performance period, one PEA had 30 findings that were not timely corrected. The State interrupted IDEA payments, a special monitor was appointed, PEA staff were required to access targeted training, and the PEA was required to submit updated data reports. The State reported that the PEA had subsequently corrected the noncompliance.

The State reported that it is currently in consultation with the Data Accountability Center (DAC) regarding revising its current general supervision procedures to report noncompliance under Indicator 15 of the APR. The ADE staff reported that while the system will continue to track, ensure and verify correction, reporting of findings will be based on PEAs. For example, if 15 findings are documented in one PEA relative to Indicator 11, the State will report the noncompliance as one finding instead of 15 findings.

OSEP Conclusions

As noted in GS.1 above, if a PEA's level of compliance is below 100%, ADE identifies and issues a written summary of findings that sets out the violation of the IDEA and/or State rules. If a PEA's level of compliance with any requirement is 94% or below, that PEA is also identified as having systemic noncompliance for that requirement. It is not clear from ADE's procedures if PEAs with requirements at compliance levels of 95% to 99% are required to examine updated data to determine if the PEA is correctly implementing the regulatory requirement, in addition to correcting the child-specific noncompliance. Although ADE's procedures describe detailed methods for correcting systemic noncompliance, it is not clear that ADE is reviewing updated data in PEAs with requirements at 95% to 99% compliance to ensure that current practice is consistent with requirements.

Required Actions/Next Steps

In the FFY 2009 APR due February 1, 2011, ADE must describe its methods for ensuring that all noncompliance is corrected consistently with OSEP Memo 09-02. Specifically, in reporting on correction of noncompliance in the FFY 2009 APR, the State must report that it verified that each PEA with noncompliance identified in FFY 2008: (1) is correctly implementing the specific regulatory requirements (i.e., achieved 100% compliance) based on a review of updated data such as data subsequently collected through on-site monitoring or a State data system; and (2) has corrected each individual case of noncompliance, unless the child is no longer within the jurisdiction of the PEA. Both prongs of correction must occur even if the PEA is at 95% to 99% compliance.

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

ADE staff reported that an electronic database system collects and tracks written State complaints to ensure that decisions are issued within 60 days, unless an extension is granted consistent with 34 CFR §300.152(a) and (b). In OSEP's review of ADE's State Complaint logs for the period of July 3, 2007- June 30, 2008 and July 1, 2008- June 30, 2009, OSEP found that two of the 246 complaints filed exceeded the 60 day timeline by one to three days. ADE provides model State complaint forms on their website and via mail to parents or organizations that may not have access to the Internet. The State requires all complaints to be written and signed. ADE will accept any complaint via postal mail, hand delivery, and/or faxed. Should ADE receive a complaint that does not have all of the required elements, the State will provide the complainant a letter: (1) informing the complainant that their complaint is incomplete; and (2) outline the missing elements for resubmission. ADE reported that complaint investigators work closely with complainants to ensure that each allegation raised in the complaint is investigated and responded to within the 60-day timeline.

Due Process Hearings

ADE contracts with the Arizona Office of Administrative Hearings (OAH) to administer due process hearings. OAH provides Administrative Law Judges (ALJs) to conduct the hearings. ALJs must attend, on a yearly basis, the ADE's Special Education Directors Conference and an out of State conference regarding due process hearing updates and procedures specifically for special education due process hearing officers.

The State generally has few due process hearing requests that are fully adjudicated. The State's FFY 2007 APR and Table 7 documented only one fully adjudicated hearing request and the hearing decision was issued within a properly extended timeline. During the verification visit, OSEP reviewed the due process complaint logs for FFY 2006 and FFY 2007 and five due process complaint files from both years. OSEP's review verified the accuracy of the data reported in the FFY 2007 APR and Table 7. The State reported that it had two fully adjudicated due process hearings in FFY 2008.

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ADE reported that it ensures that due process complaints are resolved within the 45-day timeline using an Excel spreadsheet in the Dispute Resolutions database. During the verification visit, OSEP met with ADE's Director of Dispute Resolution and ALJs. The ALJs reported that although information is entered into the due process database to track hearing timelines, data regarding resolution process timelines are not documented. Therefore, ADE did not have data needed to track resolution session¹ timelines in order to ensure compliance with the 15-day requirement. Further, since ADE was not able to adequately track the timeliness of resolution sessions or outcomes, OSEP expressed concern that the 45-day timeline for due process hearings may not have been appropriately calculated.

During the on-site visit, OSEP discussed and clarified the implementation of IDEA Part B regulations in 34 CFR §300.600(d)(2) that requires a State to monitor LEAs located in the State and exercise its general supervision authority, including the use of resolution sessions. As part of this requirement, the State must ensure that, in accordance with 34 CFR §300.510(a), LEAs hold a resolution session within 15 days of receiving notice of the parent's due process complaint unless an exception applies. If the State finds that an LEA is not in compliance with this requirement, it must issue a finding of noncompliance and ensure timely correction.

Subsequent to the verification visit, ADE informed OSEP that as of November 25, 2009, the State had revised its policies, procedures, and practices pertaining to the resolution process. The State provided OSEP documentation of the process the State currently uses to track resolution sessions and for PEAs to relay the required information to the State and the ALJ's in a timely manner. The State also provided OSEP an Excel spreadsheet for the FFY 2008-2009 performance period that documents the dates when resolution sessions were held. The State reported for that period of July, 2008 - June, 2009, 13 of 31 resolution sessions were untimely.

The State provided supportive documentation to OSEP to confirm that ADE staff conducted training on the revised policies and procedures and the tracking form to ALJs on December 14, 2009, and to the PEAs on January 15, 2010. The State also reported that additional trainings were conducted with the Southeastern Arizona Special Education Association and at the Arizona Council for Exceptional Children Conferences in February and March, 2010, respectively. The State also reported that the Director of Dispute Resolution collaborated with the Arizona Parent Training and Information Center (PTI) to conduct a series of trainings for parents on dispute resolution options in February, 2010. OSEP appreciates the State's efforts to address this issue in a timely manner.

Mediation

The State reported that ADE maintains a list of 12 trained mediators that are contracted with the State to mediate special education disputes. Mediation is available in conjunction with due process procedures or as a separate process. The State also provided documentation to support evidence of dispute resolution training, specifically on mediation, that occurred June 11, 2009. During the on-site visit, OSEP reviewed ADE's mediation procedures available on the State's website.

¹ Although the Part B regulations, at 34 CFR §300.510, reference a "resolution meeting," OSEP uses this term and "resolution session" interchangeably.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP determined that the State has demonstrated that it has policies and procedures that are reasonably designed to implement all of the dispute resolution requirements of IDEA. The State has recently revised its practices to correctly implement requirements related to resolution meetings in 34 CFR §300.510.

Required Actions/Next Steps

In the FFY 2009 APR due to OSEP on February 1, 2011, the State must submit data and information that demonstrate the implementation of an appropriate resolution process, including the State's monitoring of PEAs' compliance with the timely resolution meeting requirements under 34 CFR §300.510.

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

ADE reported that Education Program Specialists review indicator data with every PEA each year. PEAs in Year 4 of the monitoring cycle will have LRE as a component of their on-site monitoring. There are compliance line items for student file reviews related to LRE requirements and a drill down analysis related to root causes when the LRE indicator data is below the State target for that PEA. In addition, LRE is addressed for the PEAs that are participating in a self-assessment monitoring if LRE is determined to be an area of significant concern (i.e., not meeting the State target).

Technical assistance is given to PEAs when they do not meet the State targets on graduation and dropout. The ADE Transition Specialist develops a strategic plan to provide training and technical assistance to those PEAs that do not meet the State targets. The goals of the plan are to increase compliance related to secondary transition IEP requirements (Indicator 13) and to positively impact graduation and dropout rates for students with disabilities, hoping thereby to also improve post-school outcomes.

Arizona has also developed a pilot Mentoring Project to achieve 100% compliance on Indicator 13 in southern Arizona. This pilot project developed a training protocol and collected data using the National Secondary Transition Technical Assistance Center (NSTTAC) checklist for compliance under Indicator 13 within the 20 PEAs that are participating in the pilot.

In OSEP's discussion with two Directors of Arizona PEA's, OSEP was informed that the State provided hands-on technical assistance on how to develop IEPs that properly address the secondary transition requirements. The PEA Directors also reported that the State provided professional development at the local school level to demonstrate the implementation of procedures for reviewing files to ensure secondary transition requirements are consistent with 34 CFR §300.320(b). One of the PEA Directors initiated a professional development activity on a monthly basis where the special education teachers are involved in reviewing the special education files from other schools within their PEA. This is believed to enhance the knowledge of the special education teachers by creating an opportunity to provide and receive feedback from their peers. The PEA Director will use the same protocols and tools that the State uses to

review student files. One objective is to determine the appropriate professional development needs of the special education teachers in the PEA. Other reforms that the PEA Director mentioned relate to staffing allocations. Staffing allocations will no longer be solely based on student population, now each teacher's workload also will be considered. The PEA Director also reported implementing a master calendar to track all IEP and reevaluation dates within the local schools of the PEA.

Another PEA Director reported that the State had provided continuous technical assistance on how to analyze data and determine root-causes of noncompliance. This PEA also conducted peer review of files. The Director reported that in his opinion, the professional development provided by the State has contributed to systemic changes and improvement. For example, the PEA Director reported that the State invited the PEA to a workshop on how to implement response to intervention strategies in reading. This workshop was then shared throughout the PEA in order to enhance the efforts of intervention prior to referrals for special education services.

The Comprehensive System of Personnel Development (CSPD) sponsors the Arizona High Achievement for All (AHAA) program, which supports the education of children with disabilities with their nondisabled peers. The AHAA Institute provides two years of professional development for school teams, grades K-12, with three two-day trainings per year. School teams increase their knowledge in understanding how accommodations and modifications in classroom instruction and behavior management can be developed to meet all learners' needs.

ADE works collaboratively with the Arizona Governor's Head Start Collaboration Director, the Arizona Head Start Association, and the Head Start Grantees to encourage districts to use placement in a Head Start program as an LRE option. This collaborative effort also assists Head Start in meeting their Federal regulations for 10% enrollment of students with disabilities.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP believes the State has a general supervision system that is 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 and 300.602, 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 public reporting requirement by publishing reports on the performance of their PEAs against targets in the State's SPP/APR on ADE's,

Exceptional Student Services web page at <http://www.ade.az.gov/ess/> no later than 120 days following the submission of the APR to OSEP. ADE uses the same levels for determinations that the IDEA prescribes at the Federal level, for making annual State determinations. In making these determinations, the State reportedly collects data on PEAs from various sources. Once the data is gathered, the data is then analyzed and segregated into the following nine components: (1) preschool transition by third birthday; (2) corrective action plans closed out within one year; (3) valid and timely data; (4) A-133 single audit findings; (5) percent of students tested in Arizona's Instrument to Measure Standards (AIMS); (6) evaluation timelines; (7) secondary transition; (8) racial/ethnic disproportionality; and (9) racial/ethnic disproportionality by disability. The State then awards points to the PEAs in each of the nine components accordingly. Each PEA's points are totaled and the corresponding level is that PEA's preliminary determination. The PEAs are provided their preliminary score and level and are allowed to dispute/verify the findings. After the verification period, the State makes final determinations and the PEAs are notified of their final level. The State provides a PEA with notice of enforcement actions, if any, at the same time that it provides the final determination.

Significant Disproportionality and CEIS

The State reported that PEAs are defined as having significant disproportionality if the: (1) "N" size is equal to or greater than 30 for both the target group and all other groups combined; and (2) the weighted risk ratio is equal to or greater than 5.0. Using their data system, the State identifies any PEA that meets the ADE definition of significant disproportionality and that PEA is required to review/revise its policies, procedures, and practices and, if necessary, publicly report on both the review and revision process. ADE carefully monitors the use of Coordinated Early Intervention Services (CEIS) funds to ensure that affected PEAs are reserving and using the funds appropriately. Arizona required two districts to reserve funds in FFY 2007. The State reported that no PEAs were required to reserve funds in FFY 2008, but that 28 PEAs voluntarily reserved funds for CEIS. For those 28 PEAs, the State monitored the PEAs in the same manner as those that are required to reserve funds. The State reviews and evaluates PEA grant applications and expenditures to ensure the correct dollar amount is budgeted and that the activities are directed to the targeted groups.

Private Schools

The State reported that it ensures that parentally-placed private school children with disabilities receive equitable services by requiring PEAs to submit data on the number of parentally-placed private school children who were evaluated, identified, and served through the annual data collection on-line application. ADE's Finance Unit provides guidance to PEAs on the obligations of expending a proportionate share for parentally-placed private school students, which, in Arizona, includes home-schooled children. The Finance Unit also reminds PEAs that expenditures for these services must be accounted for in each PEA's line-item budget. ADE reported that when PEAs are involved in on-site monitoring, child-find efforts related to parentally-placed private school children are reviewed. The PEAs are required to provide an assurance that the PEA has current policies and procedures related to parentally-placed private school children and are required to produce documentation related to the required timely and meaningful consultations.

NIMAS

The State provided supporting documentation that ADE is an authorized user and registered with the National Instructional Materials Access Center (NIMAC). ADE reported that it has adopted the National Instructional Materials Accessibility Standard (NIMAS) and ensures that all PEAs are complying with the NIMAS requirements by requiring PEAs to either coordinate with the NIMAC or provide an assurance that accessible instructional materials for students who are blind or students with other print disabilities will be provided such materials in a timely manner. If a PEA has a need for instructional materials to be specially formatted, the PEA appeals to the SEA to coordinate the production of the materials with a NIMAC registered Accessible Media Producer (AMP).

Assessments

The State monitors PEAs to ensure that they comply with Part B requirements for statewide and districtwide assessments in accordance with 34 CFR §300.160. The State utilizes accommodation guidelines and the Arizona Instrument to Measure Standards flow chart to determine how each student with a disability will participate in statewide assessments. ADE reported that it has Assessment Specialists that visit the PEAs to oversee the administration of the Arizona Assessment Program. The Assessment Specialists are also responsible for the training of Test Administrators and Proctors in order to administer assessments appropriately, create conducive classroom environments, proctor the assessment, and provide testing accommodations appropriately.

Revocation of Parent Consent for Services

The State reportedly has recently revised its policies and procedures to become consistent with the requirements of 34 CFR §§300.300 through 300.311 (20 U.S.C. 1412(a)(7); 34 CFR §300.122), specifically with 34 CFR §300.300(b), as revised by the supplemental regulations published on December 1, 2008. The State reported that on the 22nd of January, 2009, the Governor of Arizona issued a moratorium on all rule making until the 29th of April, 2009, which was later extended until the 30th of October, 2009. The State reported that the Arizona Department of Education was exempt from the last extension of the moratorium and the revised IDEA Part B special education rules were adopted by the State Board of Education December 7, 2009.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with the State personnel, OSEP believes the State has a general supervision system that is reasonably designed to implement selected grant assurances (i.e., monitoring and enforcement, significant disproportionality, private schools, CEIS, NIMAS and assessment).

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

During the verification visit the State reported that it ensures that its data systems collect and report valid and reliable data in a timely manner in two ways. The ADE ESS Data Management team ensures that applicable IDEA reporting procedures are current and up-to-date to collect and validate data required under sections 616 and 618 of the IDEA, using ADE's Student Accountability Information System (SAIS), the Annual Data Collection (DAC) web-based application, the Census Verification web-based application, and the AIMS. In addition, ADE reported on separate mechanisms for identifying data anomalies for 618 and 616 data collections. These mechanisms include the SAIS import results and integrity reports, edit checks within web-based applications, edit checks within extract procedures, reliability checks through comparison of data sets, and built-in macros in DAC data transition sheet files.

In cases where the State identifies areas that may impact the accuracy and validity of data, the State will require changes to its policies, procedures and/or practices. For example, to ensure timely and accurate submission of the child count data the State issued a June 9, 2008 memorandum, "Change in Annual Federal Special Education Child Count Date," requiring the PEAs to move the date of their child count data submission from November 14, to October 1 of each year, thereby affording ADE staff additional time to review and corroborate the data submissions and return the data to the PEAs to clarify data anomalies and missing data fields, and report valid data in SAIS.

The State reported that it is able to compile and integrate data across systems and use the data to inform and focus its improvement activities in the SPP/APR by collaborating between the various units within ADE's Office of ESS. These include Program Support and Monitoring, Dispute Resolution, Fiscal, and Information Technology (IT). The State reported that it ensures that: (1) the IT unit collaborates in determining that business rules are current and capable of resolving any internal issues in a timely manner; (2) the Data Management unit conducts workshops and provides technical assistance to PEAs on the data submission processes; (3) the Monitoring unit conducts file reviews and provides technical assistance to PEAs which includes conducting workshops for PEAs on secondary transition; and (4) the Office of ESS plans and participates in their APR improvement activities. OSEP noted that there were no issues regarding the validity and reliability of data in ADE's FFY 2007 APR.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with the State personnel, OSEP believes that 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 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

No action is required.

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

As described above, the State reported that multiple data collection and reporting processes are used to collect valid and reliable data that reflect actual practice and performance. The ADE staff provides workshops and trainings to PEAs on data collection, submission, and related topics to ensure a common understanding of issues surrounding data quality. Current business rules and internal data systems are in place within ADE to cross-check for reliable and valid data submitted by PEAs.

Verification of data submitted by PEAs is accomplished through on-site file reviews, desk audits, and comparison of data submitted through SAIS with other data submissions. The State's assigned Education Program Specialists are responsible for reviewing samplings of the PEAs' student files and assisting the PEAs in completing drill-down analysis to determine the root cause of noncompliance and the impact on performance. The sampling includes students within all disability categories and levels of service.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, OSEP concludes that 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 reported that it uses its data systems for continuous improvement, monitoring, technical assistance, and ongoing support for PEAs. PEAs use data in 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. The State analyzes data for the APR Indicators which prompts ADE to continually review internal processes for all components of its data systems, which leads to increased efficiency and accuracy. The same APR data analysis may result in a review of a PEA's policies, procedures and practices. The State provides every PEA with a data profile. This data profile details the PEA's performance against the State's targets for each indicator. The State annually hosts a "Director's Institute" that offers sessions to assist PEAs with reviewing, analyzing, and interpreting the PEA's individual data.

The State reported that the due process and State complaint data, which are generally State-level data, are not integrated into the data system. ADE collects and tracks Dispute Resolution data through the use of an Excel spreadsheet. ADE refers to this tracking system as the Exceptional Student Services Dispute Tracking system (ESSDT). Although the Dispute Resolution data is

not integrated, ADE reported that all data, including data from the monitoring system, fiscal reviews, and the dispute resolution system are compiled and analyzed. ADE reported that this analysis of data is used to compare PEA performance related to State targets and to identify and develop improvement activities at both the State and local levels.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with State personnel, it appears that 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

The State reported that it monitors obligation and liquidation of IDEA Part B funds throughout the year using the Arizona Financial Information System (AFIS) and ADE's Grants Management System (GMS). For State-level activities including administration, ADE uses the "interactive - use of funds" document/spreadsheet within the annual Part B application. ADE then creates budgets to ensure that funds are tracked separately in AFIS. PEAs are required to submit an application for Part B funds along with the PEA's intended use of funds. ADE posts the applications and all related guidance documents on the GMS website in May of each year.

Staff indicated that PEAs have until the 31st of May of each year to submit an application for Part B funds. ADE reviews and approves all applications on-line using the GMS. The approval process requires the application to be reviewed by the special education director, the grant reviewer, the finance director, and the assistant superintendent.

Once the application has been approved, grant award notices are electronically provided to PEAs using the GMS. The State reported that PEAs must obligate the Part B funds by September 30th of the succeeding year, within the 27 month timeline. The State further reported that funds are liquidated no later than December 30th of the succeeding year, within 30 months. Allocations are made using the prescribed funding formula of base amount, poverty and population of eligible PEAs and posted on the GMS website. Each PEA in receipt of Part B funds is required to annually submit a completion report to ADE on the funds used during the first 12 month period of availability.

The State reported that the ESS Funding Unit ensures that all obligations are liquidated no later than 90 days after the end of the obligation period (27 months) by completing the following: (1) reviewing the AFIS year-end budget reports and Excel tracking document to identify discretionary (other state level activity) budget balances; (2) reviewing the annual PEA completion reports; and (3) reallocating identified balances to PEAs.

OSEP confirmed through the U.S. Department of Education's Grant Administration and Payment System (GAPS) that the State expended all of its FFY 2007 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 that 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 local level, determine whether the State's procedures are fully effective in ensuring 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 for IDEA Part B funds to PEAs and other State agencies. The State reported that ADE annually provides information to PEAs regarding the distribution and use of IDEA Part B funds. The State requires all entities that receive funds, including charter and State-operated schools, provide assurances regarding maintenance of effort (MOE), supplement not supplant, and other appropriate accounting procedures.

ADE's allocation to each eligible PEA sub-recipient is the total of three amounts; base payment, population payment, and poverty payment. The State determines that PEAs, including charter schools that are serving as their own PEA, are eligible for Part B funds by verifying, through the annual Special Education Census reporting, that the PEA is serving children with disabilities.

ADE also ensures that each charter school in receipt of Part B funds is a non-profit PEA and that charters that are public schools of the PEA are receiving appropriate distribution of fund/services in accordance with 34 CFR §300.209(b) and the Charter School Expansion Act. The State was able to demonstrate that *for-profit* charters are not receiving any Federal IDEA Part B funds.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with the State 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

ADE reportedly ensures that PEAs use Part B funds to supplement and not supplant State, local, and other Federal funds through: (1) an MOE three-year comparison report, which includes the PEAs' adopted budgets that are submitted to ADE; and (2) review of each PEA's Annual Financial Report. According to staff, the PEA is notified in writing of any MOE issue(s) and is required to provide a written response.

ADE reported that it distinguishes Part B funds from other funds by identifying each Federal grant with a Catalog of Federal Domestic Assistance (CFDA) number. The grant is then broken down into separate index numbers according to the allowable use of funds categories established through the Annual Part B application. Separate budgets are established under each index in the AFIS. The ADE/ESS Funding Unit monitors the funds through review of the AFIS Federal Grant Tracking Report, monthly expenditure reports and budget by index reports. ADE is able to determine that Part B funds are used to supplement and not supplant by performing PEA and State level MOE testing as they apply for the IDEA funds. Arizona's fiscal accounting system reported that the State and PEAs maintained financial effort for the periods of FFY 2007 through 2009.

In cases where the PEA does not maintain effort, the PEA must provide the State with a written justification based on the allowable exceptions in accordance with CFR 34 §§300.204 and 300.205. These exceptions are outlined within the instructions of the PEAs' annual application in the GMS. After the justification is reviewed and discussed with the PEA, the State sends an acceptance or rejection notice by electronic mail.

Arizona's single audit report, conducted by the Arizona Office of the Auditor General for the audit period July 1, 2006 – June 30, 2007, reported three findings that the U.S. Department of Education, Office of Special Education and Rehabilitative Services (OSERS), had to address: *Finding 07-107 - Subrecipient Monitoring*, *Finding 07-108 - Child Count of Children with Disabilities*, and *Finding 07-109 - Maintenance of Effort (MOE)*. OSERS' September 22, 2009 response noted that for all of the findings, there were "no questioned costs" associated with the findings and the Assistant Secretary for OSERS concluded that corrective actions were reasonably calculated to correct the problems identified by the audit. The Department considered the findings resolved and closed as of that date. OSEP noted that all corrective actions were implemented between September 30, 2009 and June 30, 2009.

OSEP Conclusions

Based on the review of documents, analysis of data, and interviews with the State personnel, OSEP believes the State has procedures that are reasonably designed to ensure appropriate use 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 use of IDEA funds.

Required Actions/Next Steps

No action is required.