



**New Jersey
Department of
Education**

**Performance
Audit**

Final Report

August 2007

KPMG LLP

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**Section I:
Engagement
Summary**

Engagement Summary



Introduction

In 2007, the Senate and General Assembly of the State of New Jersey passed Joint Resolution No. 3 that indicates the New Jersey Department of Education (DOE) should conduct a thorough and comprehensive evaluation identifying organizational and staffing deficiencies that limit DOE's ability to provide effective oversight of the Districts in the state. In addition, the resolution calls for DOE to improve capacity to oversee the operation of Districts and to respond immediately and effectively to operational and educational issues that may arise.

To meet these objectives, DOE commissioned a performance audit to assess the oversight of District operations and provide recommendations to potentially improve the efficiency and effectiveness of DOE's oversight capacity and relevant processes. In furtherance of this goal, KPMG LLP (KPMG) was asked to provide the requested services so as to offer as an objective and independent assessment of DOE's performance in the form of a report. KPMG started fieldwork on May 6, 2007 and concluded on June 29, 2007. DOE was provided a draft report by July 13, 2007. KPMG met with DOE to discuss the draft on July 13, 2007 and throughout the week of July 16, 2007. A final draft was provided by July 27, 2007 as was required by Joint Resolution No. 3. KPMG conducted this performance audit in accordance with Performance Audit Standards of Generally Accepted Governmental Auditing Standards as promulgated by the Comptroller General of the United States ("Yellow Book").

Engagement Overview, Scope and Approach

A management review of DOE's current organization was conducted with a focus on DOE's ability to implement and execute its District oversight responsibilities including current initiatives, such as the New Jersey Quality Single Accountability Continuum (QSAC) and Clearing hurdles to shared services; Overriding waste in schools; Reining in pension abuses; and, Empowering citizens (CORE).

In order to conduct this review, KPMG:

- Conducted interviews with 51 employees from DOE.
- Facilitated three focus groups with County Business Administrators, County Superintendents, and DOE recommended attendees.
- Performed a benchmarking review with the states of Arkansas and North Carolina, and the commonwealths of Kentucky and Massachusetts.
- Conducted a Job Activity Questionnaire (JAQ) Survey of 931 DOE employees, of which 427 completed the survey.
- Conducted a District Survey of 616 County and District employees, of which 278 completed the survey.

Engagement Summary



Overall Results of Findings and Recommendations

In order for DOE to sufficiently execute its mandated responsibilities, it must have an effective and efficient operating environment. This environment is founded on the strength of many key elements including: governance, technology infrastructure, personnel management, financial and budgetary controls, communication across the organization, and organizational structure. With respect to organizational structure, it should be noted that DOE was undergoing a transition to a new structure during the course of the performance audit.

During the audit, we noted key findings in multiple areas which have an organization-wide impact and can negatively impact DOE's ability to execute its District oversight mandates and recent initiatives. The findings were derived from structured interviews, focus groups, document review, surveying and other research. In order to provide DOE management with a valuable tool to assist in increasing the effectiveness of their oversight capacity, we classified the findings into two categories; primary – impacting District oversight, CORE and QSAC directly; and secondary, which encompasses all other findings.

The primary findings include governance; staffing, processes, training, and communication for QSAC and CORE; and compliance and monitoring.

- The governance findings relate to strategic planning, relationships within DOE, and the organizational structure of DOE.
- The staffing areas identify issues of inadequate staffing levels and whether employees with additional skill sets are necessary to support the added responsibilities as a result of the current initiatives.
- The process findings relate to the “how” of executing initiatives such as defining roles and responsibilities to execute QSAC and CORE at DOE and County Offices. It also includes information regarding the policies and procedures that relate to the “what” in the execution of the processes.
- The training areas discuss findings related to the training of employees on the current initiatives both from an implementation and execution aspect and the technical assistance provided by DOE for CORE and QSAC.
- Communication includes issues around the execution of QSAC and CORE, consistent guidance and responses to questions, and the dissemination of leading practices in relation to QSAC and CORE.
- The compliance and monitoring finding relates to internal coordination among divisions with respect to workflow, creation of audit plans, and tracking of trends and findings.

The secondary findings are shorter and more limited in nature and include personnel management, communication within DOE, budget and finance, and information technology. Please note that the secondary findings are no less significant, and in some cases, may have a greater impact on an organization-wide level, most especially for findings related to personnel management and communication.

For a list of the organization of the findings, see page 59. Per the Generally Accepted Government Auditing Standards (GAGAS), the findings include a criteria, condition, effect, recommendation, and management response. These terms are defined on page 62.

Engagement Summary



High-Level Summary of Findings

The following is a high level summary of Primary and Secondary findings.

Primary

A. Governance

1. The reporting structure and authority levels between the State Board of Education and DOE fosters an environment with the potential for competing priorities and inconsistent decision making processes.
2. The Strategic Plan for Improvement in Public Education in the State of New Jersey is not aligned with current DOE objectives, goals, and initiatives.
- 3.1 The new organizational structure was designed and implemented with limited input from key stakeholders at DOE. Additionally, the new structure did not appear to be sufficiently or consistently communicated throughout DOE.
- 3.2 Operational changes as a result of the reorganization have not yet been completed.
- 3.3 The new organizational structure includes the Office of Abbott Services and Abbott Regional Offices, and it is not clear how this unit interfaces and relates to the DOE structure.
- 3.4 The new organizational structure includes the Katzenbach School for the Deaf, and it is not clear how this unit interfaces and relates to DOE structure.

B. QSAC

- 4.1 Staffing levels at DOE are not allocated to handle the additional responsibilities of QSAC implementation and execution.
- 4.2 DOE lacks an established project team to implement QSAC within the Division of Field Services.
5. The process for implementing and executing QSAC has not been completed and fully formalized.
6. Training and technical assistance in both the interpretation and guidance of QSAC have not been provided.
7. There appears to be a lack of communication within DOE with regards to the interpretation of QSAC legislation and the related policies and procedures.

C. CORE

- 8.1 Staffing levels at DOE are not structured or organized to handle the additional responsibilities of CORE implementation and execution.
- 8.2 DOE does not currently have the Executive County Superintendents, Executive County Business Administrators, and other staff in place to lead, guide, and support Districts with implementing CORE.
- 8.3 DOE has not established a project team to implement CORE.

Engagement Summary



Primary (continued)

9. The process for implementing and executing CORE has not been completed and fully formalized.
10. Training and technical assistance in both the interpretation and guidance of CORE have not been provided.
11. There appears to be a lack of communication within DOE with regards to the interpretation of CORE legislation and the related policies and procedures.

D. Compliance and Monitoring

12. DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.

Secondary

A. Personnel Management

13. Current personnel allocations within DOE may not support the roles and responsibilities of the Divisions or Offices.
- 14.1 The pass/fail structure of the Performance Evaluation System (PES) limits the range and depth of an employee's performance review.
- 14.2 The Performance Assessment Review (PAR) system used to evaluate management is not linked to employee compensation or advancement.
15. There is compensation inequity between high-level union employees and DOE management, and DOE and District employees.
- 16.1 There are inconsistent training requirements and policies for DOE employees.
- 16.2 The current travel policy hinders DOE employees' ability to attend and represent DOE at professional development seminars, trainings, and conferences outside of New Jersey or overnight within the State of New Jersey.
17. Due to a lack of cross-training and documented policies and procedures, an institutional knowledge gap exists when employees leave DOE or change positions.

B. Communication

18. There is a lack of coordination and communication across units within DOE.

Engagement Summary



Secondary (continued)

C. Budget and Finance

19. There is a lack of coordination in DOE with regards to the grants management process.

D. Information Technology

20.1 There is no single or consistent mechanism to collect and maintain data from Districts.

20.2 Law and policy requires DOE to retain hard copies of all data requests; however, DOE has not formalized a long-range plan to store and file the documents.


21. The EWEG system significantly delayed the approval of the 2006-2007 grant applications.

22. DOE's technology infrastructure contains multiple outdated and difficult to support legacy systems and equipment.

Commendations

In addition to our findings, we observed several items during our performance audit that should be noted and commended, including:

- An effort to re-organize DOE to enhance the efficiency and effectiveness of the organizational structure, centralizing several key functions and de-emphasizing some outmoded operating models and specialized designations;
- An overall movement towards increasing accountability for District operations and performance in a geographically dispersed and locally-controlled environment;
- An effort to revise the current education funding allocation model with a new, standard funding formula which is intended to provide a more fair and equitable distribution of State funds to Districts across the State;
- Undertaking several significant initiatives to improve education and accountability within New Jersey, including a new: funding formula, district oversight process (QSAC), District accountability measures (CORE), and a statewide assessment system;
- A commitment on the part of DOE employees to serving the educational needs of the State, and a belief by 83% of survey respondents that the constituent community is satisfied with the services they provide, and a belief by 82% of survey respondents that Districts value the services they provide;
- Provision of full and responsive participation in the current Management Review process by DOE leadership and management.



**Section II:
Engagement
Scope &
Approach**

Engagement Scope & Approach – Objective and Scope



Objective and Scope

The key objective of the performance audit was to evaluate organizational and staffing insufficiencies that limit DOE's ability and capacity to provide effective oversight of Districts, specifically focusing on the execution of QSAC and CORE. The scope of this engagement is limited to a review of DOE, and the current organization, staffing, and processes in place governing their oversight of Districts throughout the State.

Generally Accepted Government Auditing Standards

This engagement was conducted in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*, and requires specific educational requirements of the team, written audit plans, performance criteria, adequate audit evidence, and work papers. For reporting, the standards require a discussion of observations and recommendations that is clear, concise, complete, accurate, objective and convincing. In addition, the views of responsible officials in relation to those observations and recommendations should be included in any final report issued. KPMG's approach for this engagement complies with the Yellow Book standards. Specifically, our approach includes the following components:

- *Planning* – To conduct an effective and efficient performance audit, documentation and communication of planning activities, including a detailed work plan are essential. Our firm utilized formal templates developed for this purpose, including a Project Charter, Project Risk Register and Communication Plan.
- *Supervision* – Our project leaders understood throughout the project that proper supervision of staff would result in an efficient and effective engagement. As such, our project managers and partners were responsible for providing proper direction and reviewing all work performed.
- *Compliance With Laws and Regulations* – Our approach was designed to identify and review the impact of significant laws, regulations, and rules and the level of DOE compliance with and adherence to such.
- *Management Controls* – The Yellow Book defines management controls as the plan, methods and procedures adopted by management to help ensure established goals are met. For each significant process in place related to monitoring and overseeing local Districts, we obtained the process objectives and management's views on what must occur to achieve the objectives. We identified the critical success factors for the process and measured performance with respect to financial, operational, organizational, and other perspective measures.
- *Evidence* – KPMG's work paper documentation standards met Yellow Book performance auditing requirements and help ensure supportable results. The engagement managers were responsible for reviewing all working papers prepared to confirm that the work was performed in accordance with the work plan and findings, conclusions, and recommendations are clearly supported.

Engagement Scope & Approach – Methodology



Approach

In order to achieve the objectives set forth for the DOE Performance Audit, KPMG worked to accomplish the following phases, which were executed concurrently throughout the project timeframe.

1.0 Project Planning

- 1.1. Develop tailored, detailed performance audit plan
- 1.2. Conduct an entrance conference with DOE
- 1.3. Establish and hold weekly status meetings

2.0 Information Gathering and Analysis

- 2.1. Conduct interviews, focus groups, and perform document reviews
- 2.2. Collect feedback from employees throughout DOE utilizing a Job Activity Questionnaire and analyze the results
- 2.3. Perform benchmarking analysis to identify leading practices
- 2.4. Collect feedback from Districts throughout the State utilizing a District Survey

3.0 Validation and Reporting

- 3.1. Develop a preliminary report to communicate the results of the fieldwork performed
- 3.2. Discuss draft report with DOE
- 3.3. Finalize the performance audit report
- 3.4. Finalize workpapers

Engagement Scope & Approach – Methodology



Tools

KPMG completed the performance audit by using an array of methodologies for data collection and analysis. The following are the tools the project team utilized, specifically during Phase 2.0 of the Approach discussed on the previous page:

- *Structured Interviews* – Structured interviews were designed to elicit information from various audiences, such as DOE employees. The interviews follow a structured agenda, but also allowed for open-ended discussion of other issues that arose. Structured interviews were developed to help ensure that the entire project team achieved consistency. DOE management reviewed and approved the questions designed for the structured interviews prior to use. Please refer to the charts on pages 14 and 15 for a summary of offices and divisions interviewed.
- *Structured Focus Groups* – Similar to the structured interviews, the focus groups were aimed at soliciting stakeholder input on their perceptions of DOE's services and ideas for improvement. Focus group participants included professionals from DOE, County Superintendents, and County School Business Administrators. The group setting allowed personnel to engage in a dialogue around several topics. These facilitated sessions enhanced the ability to identify duplication of effort, as well as gathering feedback from multiple participants in a coordinated fashion. DOE management reviewed and approved the questions designed for the focus groups prior to use. Please refer to the charts on page 16 for a summary of the focus groups conducted.
- *Job Analysis Questionnaire (JAQ)* – Every DOE employee was asked to provide input on the effectiveness of the management, organization, and staffing in place at DOE through an online survey. Experience has shown that employees can best describe their own job responsibilities and often have creative ideas on ways to improve operations and efficiency when given the opportunity to do so. DOE management reviewed and approved the content of the template designed for the JAQ prior to use. Page 16 summarizes the response rate for the JAQ.
- *District Survey* – A District Survey was sent out to every District in New Jersey in order to obtain the District's input on the effectiveness of the management, organization, and staffing in place at DOE. The surveys were completed by the Chief School Administrator or an Assistant Superintendent at the request of the Chief School Administrator in his or her absence. DOE management reviewed and approved the content of the template designed for the District Survey prior to use. Page 16 summarizes the response rate for the District Survey.
- *Benchmarking of States* – In order to obtain information on key topics related to this review from other Departments of Education a benchmarking analysis was completed on four key peer states which were selected with KPMG and DOE input. The interviews focused on reviewing alternative service delivery methods to help enable DOE to improve the efficiency and effectiveness of its oversight. DOE management reviewed and approved the content of the template designed for the benchmarking interviews prior to use. Page 17 summarizes the states contacted for the benchmarking analysis.

Engagement Scope & Approach – Methodology



- *Staffing Analysis* – Staffing was evaluated after the project team had an understanding of management, operational, and organizational functions. Staffing levels were analyzed relative to service, program, and organizational mandates, including changes in recent years due to policy and program changes, budgetary constraints, and other factors.
- *Document Review* – Multiple documents were reviewed with a focus on (1) management practices, operating processes, and internal controls; (2) mission, policies, and applicable laws and regulations; and (3) service, operating, and workload characteristics. The review of documentation provided additional insight and perspective on the operations of DOE.

Engagement Scope & Approach – Methodology



As stated above, in order to accomplish Phase 2.0 of the engagement, numerous interviews with key DOE employees were conducted. These interviews were intended for several levels of DOE employees including the Commissioner, Deputy Commissioner, Special Assistant to the Commissioner, Assistant Commissioners, Directors, and staff that were referred by those initially interviewed. Additional employees provided feedback through Focus Groups and the JAQ.

Structured Interviews

New Jersey Department of Education	
Office/Division	Number of Interviews
Division of District and School Improvement	1
Division of Early Childhood Education	2
Division of Educational Standards and Programs	1
Division of Field Services	1
Division of Finance	1
Division of Student Services	1
Educational and Information Technology	1
Katzenbach School for the Deaf	1
Office of Legislative Services	1
Office of Abbott Services	3
Office of Administration and Human Resources	1
Office of the Commissioner	4
Office of Compliance Investigation	1
Office of Controversies and Disputes	1
Office of Education Support Services	1
Office of Fiscal Accountability and Compliance	4
Office of Fiscal Policy and Planning	1
Office of Grants Management	5

Engagement Scope & Approach – Methodology



Structured Interviews (continued)

New Jersey Department of Education	
Office/Division	Number of Interviews
Office of Language Arts and Literacy Education	1
Office of Preschool Education	1
Office of Professional Standards, Licensing, and Higher Education	1
Office of Program Planning & Accountability/Specialized Populations	1
Office of School District and Improvement Services	1
Office of School Ethics	1
Office of School Facilities	1
Office of School Funding	1
Office of Special Education Programs	1
Office of State Assessments	1
Office of State Board Appeals	1
Office of Strategic Planning and Operations	1
Office of Student Transportation	1
Public Information Office	2
State Board Office	2
State Budget and Accounting	2
Title I Program Planning and Accountability	1
Grand Total	51

Engagement Scope & Approach – Methodology



Structured Focus Groups

County Business Administrators Focus Group Attendees
Atlantic & Cape May Counties
Bergen County
Burlington County
Essex County
Morris County
Ocean County
Sussex & Warren Counties
Union County

County Superintendents Focus Group Attendees
Atlantic County
Bergen County
Essex County
Gloucester County
Hudson County
Middlesex County
Morris County
Ocean County
Passaic County
Sussex County
Union County

DOE Recommended State Focus Group Attendees*
Commissioner
Deputy Commissioner
Special Assistant to the Commissioner
Assistant Commissioner, Division of Finance
Assistant Commissioner, Division of Student Services
Director, Office of Administration and HR

Job Analysis Questionnaire

	Total # of Completed Surveys
DOE (total population 931)	427
Division Heads	24
Managers	109
Staff	241
Clerical Support	53

District Survey

	Total # of Completed Surveys
County & District (total population 616)	278
Abbott	14
Level II	10
Districts in Need	25
Other	229

*Refer to page 57 for more detail on the DOE Recommended State Focus Group meeting.

Engagement Scope & Approach – Methodology



Benchmarking

State	Title
Arkansas	Commissioner of Education
Kentucky	Former Commissioner of Education
Massachusetts	Deputy Commissioner
North Carolina	Superintendent

A close-up photograph of several hands of different skin tones stacked together in a circle, with fingers pointing towards the center. The hands are set against a bright, clear blue sky. The lighting is natural, highlighting the textures of the skin and the interlocking fingers. The overall composition is centered and balanced, conveying a sense of collective effort and support.

**Section III:
Current State
Overview**

Current State Overview – Introduction



Current State Introduction

The purpose of the Current State Section is to give an overview of the current status of DOE as of June 2007. It includes an overview of the following aspects of DOE's present operating environment:

- *Organizational Structure* – The current organizational structure reflects a recent reorganization, which was finalized in April 2007.
- *Current Initiatives* – DOE has several large initiatives underway which impact their oversight of the 616 locally-controlled Districts in the State of New Jersey.
- *Mandates and Regulations* – DOE operates under several important state and federal laws that dictate the way they operate on a daily basis.
- *Staffing Analysis* – The staffing analysis includes tables detailing the budgeted and current staffing levels at DOE.

Current State Overview – Organizational Structure



Organizational Structure

Current Organizational Chart

The Current State Organizational Chart was provided by DOE and represents the revised organization of DOE as of April 4, 2007. Please refer to Appendix A, Page 157, Department of Education Organizational Chart to view the current organizational structure.

Recent Reorganization

The Commissioner was in a unique position to design a new structure for DOE because she had been in her position since October of 2005 and the reorganization was approved in February 2007. The reorganization changes began in earnest in April 2007 and thus DOE was in a period of transition during the performance audit. Input from the Governor's Office and the State Board of Education regarding the long-term vision for DOE and how to reflect it in a functional, organizational manner was obtained during the development of the reorganization. Throughout the process the Commissioner sent out "Monday Morning" communications to inform all staff of the process and impending changes. The Monday following the reorganization announcement, the Commissioner gave presentations to all centrally located DOE staff located at the central headquarters.

The changes resulting from the reorganization include:

- Creating an Office of Research, Evaluation and Assessments, which absorbs the former assessment office to address issues of education research and data;
- Establishing a Division of District and School Improvement, which encompasses many of the current programs related to Abbott implementation;
- Forming a Division of Early Education to coordinate the work of the Office of Preschool Education with the Office of K-3 Education;
- Restoring the Division of Field Services to coordinate the roles and responsibilities of the County Offices; and a move from regional offices to a Division of Field Services, which includes the 21 County Offices;
- Creating the Office of Fiscal Accountability and Compliance, which combines all audit and compliance functions under one functional unit; and
- Consolidating authority under three new senior staff members:
 - Special Assistant to the Commissioner will oversee the Office of Controversies and Disputes, the Division of Finance and the Division of Field Services.
 - Chief of Staff will oversee the Office of Fiscal Accountability and Compliance, the Office of School Facilities and the State Board Office.
 - Deputy Commissioner will oversee the Division of Early Education, Division of Academic and Professional Standards, Division of District and School Improvement, Division of Student Support Services, and the Office of Research, Evaluation and Assessment.

Current State Overview – Organizational Structure



Roles, Responsibilities and Relationships

DOE leadership, Divisions, County Offices, Abbott Regional Offices, and Districts must all work together to deliver educational services to students. Each of these entities has varied responsibilities which are outlined at a high-level below:

The New Jersey State Board of Education has 13 members who are appointed by the Governor with the advice and consent of the New Jersey State Senate. These members serve without compensation for six-year terms. By law, at least three members of the State Board must be women, and no two members may be appointed from the same County. The State Board sets the rules needed to implement state education law. Such rules cover the supervision and governance of the state's 2,500 public schools, which serve 1.34 million students. In addition, the State Board reviews educational policies proposed by the Commissioner, confirms appointments by the Commissioner, and decides appeals from decisions of the Commissioner, the State Board of Examiners, and the School Ethics Commission. The State Board is the agency head and the Commissioner reports to the Board. The State Board also has a non-voting student representative selected annually by the New Jersey Association of Student Councils.

The Commissioner of Education, by statute, is the chief executive and administrative officer of DOE, is the official agent of the State Board of Education for all purposes; and is the budget request and approval officer of DOE. The Commissioner is Secretary of the State Board of Education and Chairperson of the State Board of Examiners.

The Division of Field Services manages the relationships between DOE and the County Offices. Field Services supervises all 21 County Offices and staff and conducts monthly meetings with County Superintendents and Business Administrators.

The County Offices serve as a conduit to the Districts. Typical staff at the County Offices include a Superintendent, a Business Administrator, an Education Specialist, a Child Study Team Supervisor, and support staff. Approximately eight County Offices share positions. DOE indicated that the current staffing levels are under review and they have requested additional funds for positions in the FY2008 budget. The County Offices hold roundtables with District Superintendents on varying issues including but not limited to regulations, codes and policy changes. The County Offices are responsible for and/or involved in the following activities:

- certification;
- grant review;
- fiscal assistance;
- shared services;
- mediation of disputes;
- evaluation and monitoring of local Districts;
- technical assistance to the Districts;
- review and approval of annual District budgets;

Current State Overview – Organizational Structure



- annual review of Charter schools;
- annual review of professional development plans;
- special education waivers;
- student transportation;
- review and approval of various plans; and
- collaboration with and/or support of the county and State agencies as required.

There is an *Office of Abbott Services* and 3 *Abbott Regional Offices* in place to support the 31 Abbott Districts with the implementation of the reforms and initiatives resulting from the Abbott v. Burke Court decisions and Administrative Code. They are led by Abbott Regional Managers who report to the Director of the Office of Abbott Services. The Abbott reforms include: intensive literacy instruction - grades pre-school through 12; small learning communities and other secondary education initiatives; planning for and implementation of professional development opportunities; providing technical assistance on NCLB implementation; the development, review and approval of district and school level plans and budgets; and collaborating with other divisions within the DOE to ensure consistency among the various Department initiatives and Abbott reforms and requirements. They are also tasked with providing District's assistance in the following areas: transportation services; food services; purchasing; contracting for outside professional services; insurance administration; payroll services; coordination of professional development opportunities; the implementation of the comprehensive maintenance plans for school facilities.

The Districts are regulated by statute, code, law, and state and local policy. While the State establishes the policy framework for District operations, local boards of education set many of the policies and procedures that most directly affect students and staff. Local policies are valid, as long as they do not come into conflict with provisions that are contained in federal or state statutes and regulations. In addition to ensuring that all state and federal regulations are met, Districts are currently responsible for the following:

- Providing support to the schools in their District for all areas of responsibility, including: education/curriculum, safety, transportation, budgeting, financial controls, etc.
- Coordinating with the County Offices in the completion of the items listed above under *County Office* responsibilities.
- Supporting schools and teachers with a District curriculum that is fully aligned to the CCCS, with instructional materials and software that is consistent with the District curriculum, and with professional development that is tailored to the content and pedagogical needs of its teachers and administrators.

Districts will eventually be responsible for the following:

- Participation in the review of their own performance under QSAC. Every local District in the State is to be evaluated regularly on its progress in complying with the quality performance indicators which are adopted by DOE. The Districts complete the District Performance Reviews (DPR) once every three years and may be required to participate in an in-depth review based on the results of the DPR.
- Implementation of CORE, when it is in place, including working with other Districts on the joint operation of public services, public improvements, works, facilities or undertakings.

Current State Overview – Current Initiatives



Current Initiatives

New Jersey Quality Single Accountability Continuum (QSAC)

QSAC is a result of legislation enacted in the 2005 legislative session, which was amended in January 2007. It requires that the performance of Districts be measured in five areas: Instruction and Program, Fiscal Management, Personnel, Governance and Operations. Every District in the State is to be evaluated every three years on its “progress in complying with the quality performance indicators” adopted by DOE. It replaces the previous District monitoring system and integrates many of the requirements of Existing Code and Statute, State Takeover Law, and Federal Mandates. Regulations for QSAC were developed over an 18 month period with input from stakeholders and Districts that participated in the QSAC pilot (refer to page 24 for more information on the pilot).

In accordance with this requirement, DOE developed a set of performance indicators known as the District Performance Review (DPR). The DPR is designed to allow Districts to assess their own performance against the indicators, which are presented in a comprehensive self-assessment tool. The District selects and convenes a local committee to complete the DPR. After Districts conduct their self-assessments, County Superintendents review the results and the completed DPRs are verified before they are submitted to the Commissioner. The County Superintendent may make an on-site visit as part of the verification process. DOE then receives the DPR and reviews relevant data and results. Once that is complete, the Commissioner places Districts on the performance continuum for each of the five components. That placement, in turn, determines the extent of State support and assistance to be provided to the District and the extent, if any, of State intervention in District operations.

Through QSAC, the Legislature expressed the goal that all New Jersey public school Districts operate at a high level of performance. The following activities may be required of a District if the DPR is found to be lacking:

- A high level of performance is defined as meeting 80 to 100 percent of the quality performance indicators in each of the five areas of District effectiveness. Districts that do not meet at least 80 percent of the standards in each area must develop an Improvement Plan (IP) and can receive technical assistance. If necessary, Highly Skilled Professionals (HSPs) may provide assistance to the Districts based on the determination of DOE.
- Partial or full intervention may be initiated when a District satisfies less than 50% of weighted performance indicators in one or more areas and one of following occurs: failure to submit self-assessment/other documentation; failure to develop satisfactory IP; failure to satisfactorily implement IP; other circumstances exist warranting immediate action by DOE; or other circumstances indicating insufficient local capacity of the District to provide a thorough and efficient education.

Current State Overview – Current Initiatives



In the spring and summer of 2006, DOE field-tested the DPR in 13 pilot Districts (“the pilot”). The group included urban, suburban and rural Districts; Abbott Districts, including State-operated Districts; and K-12 Districts, K-8 Districts and a vocational-technical District. DOE’s stated objectives for the pilot were to evaluate (1) the reliability and validity of the DPR as an instrument to effectively address QSAC, and (2) the operational aspects of the DPR as a self-assessment tool. A study of the pilot was commissioned by DOE and the results of the pilot indicated that there were concerns regarding several aspects of QSAC. To address concerns, DOE: (1) made changes to the DPR self-assessment tool and (2) sought an amendment to the QSAC statute, which was approved in January 2007.

Once the pilot was complete, districts categorized as State-operated and Level II under the former monitoring system were evaluated by a team of HSPs and will be placed on the continuum when the evaluation is complete.

Following the review of State-operated and Level II Districts, a review of the remaining Districts was recently started and will be phased in over three years. (Level I Districts are those determined to be operating at an acceptable level, Level II Districts are not meeting expectations and State-operated Districts are operating at a level that warrants DOE intervention.) The QSAC schedule has been approved by the Office of Field Services and communicated to County Offices and then to Districts, but it is subject to change. Training will be provided in summer 2007 for County Offices (Superintendents and staff) to coincide with the rollout schedule. Those Districts awaiting their first QSAC evaluation over the next three years are still monitored under the monitoring process that was in place prior to QSAC.

Current State Overview – Current Initiatives



Clearing hurdles to shared services; Overriding waste in schools; Reining in pension abuses; and, Empowering citizens (CORE)

CORE, also known as Assembly Bill A4/Senate Bill S19, or the “Uniform Shared Services and Consolidation Act” was signed into law on April 3, 2007. CORE enables several initiatives for both DOE and the Districts, including:

- Specifies the terms for local Districts to enter into agreements to provide or receive any service that each local District participating in the agreement is empowered to provide or receive within its own jurisdiction, including services incidental to the primary purposes of any of the participating local Districts.
- Authorizes the formation of joint meetings for the joint operation of public services, public improvements, works, facilities or undertakings; and encourages municipal consolidation at the local level.
- Codifies the Sharing Available Resources Efficiently (SHARE) program in the Division of Local Government Services in the Department of Community Affairs for local units of government.
- Requires the creation of user-friendly budgets for local units of government.
- Reconfigures the office of the County Superintendent of Schools, by renaming the position the Executive County Superintendent (ECS) and making the position a Gubernatorial appointment in order to promote operational and administrative efficiencies. In addition to assuming the current duties of the County Superintendent, the ECS is assigned additional duties such as:
 - Recommending to the Commissioner within one year of the effective date of the CORE bill, a plan to eliminate non-operating Districts. The CORE legislation asserts that each Executive County Superintendent shall have the authority to eliminate non-operating Districts located in the county in accordance to the elimination plan approved by the Commissioner. There are currently 23 non-operating Districts without schools. In order to serve students, the non-operating Districts pay to send students to schools in other Districts.
 - Recommending to the Commissioner no later than three years following the effective date of the CORE bill, a plan to consolidate, eliminate, or change to K-12 all Districts that are not K-12. The ECS shall also conduct a feasibility study on the impact of consolidation prior to submitting a consolidation plan to the Commissioner. If the Commissioner approves the plan, then a special school election is held and voters decide whether to adopt the plan.
 - Permitting a district to submit to the voters separate proposals or proposals for additional funds only under limited circumstances and when written documentation has been reviewed and verified and then certified by the ECS that all other cost saving measures have been explored and determined that cost savings would not be realized;
 - Maintaining a real time district-wide database that tracks the types and capacity of special education programs being implemented by each district and the number of students enrolled in each program to identify program availability and needs;

Current State Overview – Current Initiatives



- Conducting regional planning and identification of program needs for the development of in-district special education programs and to work with districts to develop in-district programs and services including providing training in inclusive education, positive behavior supports, transition to adult life and parent-professional collaboration;
- Providing assistance to districts in budgetary planning for resource realignment and reallocation to direct special education resources into the classroom;
- Recommending to the commissioner the elimination of laws determined to be unnecessary State education mandates;
- Promoting coordination and regionalization of pupil transportation services by reviewing the bus routes and schedules for all of the public school districts and nonpublic schools within the county;
- Reviewing the budgets of the school districts within the county, and may disapprove a portion of a school district's proposed budget if determined that the district has not implemented all potential efficiencies in the administrative operations of the district or if determined that the budget includes excessive non-instructional expenses;
- Promoting cooperative purchasing within the county of textbooks and other instructional materials.

District Accountability Measures Law

The District Accountability Measures law, also known as Assembly Bill A5/Senate Bill S4, includes various provisions for both DOE and the Districts. While District's have the majority of the responsibility, DOE has a role in the execution of A5's provisions.

For the Districts, the law is designed to increase District accountability in budgeting and personnel matters. In order to receive state aid, Districts are required to:

- Participate in various joint purchasing plans (such as E-Rate, the ACT telecommunications program, and the SEMI program).
- Refinance all outstanding debt for which a three percent net present value savings threshold is achievable.
- Submit with their budgets, documentation regarding the employment contracts of all non-union employees with annual salaries exceeding \$75,000, including the cost of all compensation and benefits.
- Hold public hearings in advance of renegotiating any employment contract with a superintendent, assistant superintendent or school business administrator.

It also authorizes a compliance audit of any District upon identification that the District may be spending state education funds for purposes that are not in compliance with state education law and regulations and requires all administrators, principals and supervisors to complete training on school ethics, school law and school governance.

DOE is responsible for the promulgation of user-friendly budget forms and to review the forms submitted by every District on an annual basis. DOE is also required to review all Superintendent early termination agreements.

Current State Overview – Current Initiatives



New Jersey Standards Measurement and Resource for Teaching (NJSMART)

NJSMART is a comprehensive data warehouse, student level data reporting, and unique statewide student identification (SID) system. NJSMART will provide a student database to enable educators to track student academic outcomes. NJSMART will result in important outcomes for local Districts:

- Integrated state assessment data, providing Districts with access to assessment reports that will allow easy monitoring and comparison of critical performance measures.
- Unique student identification numbers (SID), which were issued to Districts on March 21, 2007, will allow students and their performance to be tracked more effectively over time, even as students transfer in and out of Districts.
- Local data marts, which will offer the opportunity for Districts to bring together data that are currently stored in a variety of locations, into one integrated data warehouse, allowing staff to access linked student data.

Files have been recently submitted to NJSMART incorporating all student information for all schools within the Districts. All files submitted to NJSMART currently include students who were active at any point during the reporting period. DOE is in the process of finalizing validation of the initial data submission.

In the future, for the State and local Districts, NJSMART will facilitate increasingly complex reporting requirements under the federal No Child Left Behind (NCLB) Act. The system will also facilitate the flow of information from DOE to Districts and vice versa. The expectation is that NJSMART will eventually eliminate some of the summary reports currently required by the State. For the time being, Districts are required to submit the reports as usual. The transition process to use the NJSMART student level data submission to roll-up to summary level reporting is expected to take several years. Once the student level database is in place, High School Proficiency Assessment (HSPA) reporting, Vocational Education Data System (VEDS) and the State Report Card codes and data elements will be aligned and some of these reporting requirements will be met through the NJSMART data submission process.

In an effort to support Districts with the transition to NJSMART, DOE is providing resources, including: regional information sessions, web-based training sessions on the data submission process and web portal, and Help Desk assistance.

Current State Overview – Current Initiatives



Funding Formula

DOE's Division of Finance, Office of School Funding administers the state aid system for schools in accordance with applicable statutes. It collects and validates the necessary data including enrollment data, fiscal data, State income and property value. It then calculates, disburses and accounts for the various state aid programs pursuant to the Comprehensive Educational Improvement and Financing Act (CEIFA) of 1996, state aid for services to nonpublic school pupils, state aid pursuant to the Educational Facilities Construction and Financing Act (EFCFA) and other statutory aid programs. The office conducts the necessary research and prepares the biennial "Report on the Cost of Providing a Thorough and Efficient Education."

The current funding formula has not been administered since 2002. Instead, DOE administered state aid increases that included a 3% increase to all Districts and additional aid for full-day kindergarten. Aid was also provided to non-Abbott Districts that serve a high concentration of low income students.

As part of an ongoing process to calculate the cost of public education in New Jersey, DOE released a Report on the Cost of Education ("Report") in December 2006. The Report calculated the costs incurred by a variety of representative Districts in providing educational programs that ensure their students will meet the state's performance and accountability standards. These cost calculations were intended to then serve as the basis for DOE in developing a set of student "weights" based on these cost calculations. These will presumably serve as the framework for a new State funding formula, based on the student "weights", that differentially allocate dollars based on "weighted" student need.

Implementation of a new formula is a goal of the Governor. Currently DOE has a cross-functional team of management level employees working on developing a new funding formula and has also formed an Advisory group of experts to assist with the development. Once it has been developed it must be enacted by the State Legislature and signed by the Governor. In order to complete the process, funding must be appropriated in the annual State budget.

Current State Overview – Current Initiatives



Assessment System

The statewide assessment system is a series of tests developed to determine how students are progressing toward achieving the Core Curriculum Content Standards (CCCS). New Jersey's statewide assessment system is aligned with the mandates of NCLB which requires that states have assessment systems to measure how all students in the State are learning content against standards. The statewide assessment system is designed to inform DOE and the public about how well schools and Districts are performing in teaching the CCCS to New Jersey students. The tests also inform Districts and parents about each student's levels of proficiency in the subject areas tested, as well as areas where he or she may need more instruction. The New Jersey statewide assessment system includes the following components:

- *The New Jersey Assessment of Knowledge and Skills – Grade 3 (NJ ASK-3)* measures what third graders need to know.
- *The New Jersey Assessment of Knowledge and Skills – Grade 4 (NJ ASK-4)* measures what fourth graders know.
- *The New Jersey Assessment of Knowledge and Skills – Grades 5, 6, and 7 (NJ ASK—5, 6 and 7)* measure what fifth, sixth and seventh graders know.
- *The Grade Eight Proficiency Assessment (GEPA)* measures the knowledge and skills of eighth graders. The GEPA also helps to determine whether a child is making satisfactory progress toward mastering the skills he/she will need to pass the High School Proficiency Assessment.
- *The High School Proficiency Assessment (HSPA)* measures what eleventh graders know.
- *The Special Review Assessment (SRA)* has been an alternative assessment to the HSPA for seniors in both general and special education who have had difficulty passing the HSPA. A new SRA has been developed for the HSPA.
- *The Alternate Proficiency Assessment (APA)* is designed to measure the progress of students with severe disabilities who cannot participate in the assessments listed above.

A contract was awarded on June 6, 2007 to Measurement Inc., to develop and score the New Jersey Assessment for grades 3 through 8. The implementation will be staggered. Grades 5-8 will be phased in for 2008 and all grades (3-8) will be included by 2009. Measurement, Inc. currently holds the contract for all high-school grades which will be up for bid soon.

The new system will be tiered into two basic levels. The first level includes formative resources for local assessments such as preformatted tests and test creation software for diagnostic tests to gauge student progress. Teachers will have access to a range of assessment resources for use in the classroom alongside existing curriculum. The second level includes the summative statewide assessments that are collected and reported to the United States Department of Education under NCLB. DOE anticipates that the new summative assessments will be an improvement over previous assessments. In addition, the new contract will result in less administrative burden for DOE's Office of State Assessments and should offer opportunities for consolidation.

Current State Overview – Current Initiatives



School Security Initiative

DOE has been coordinating school security efforts with three dedicated positions (one state-funded and two funded by the federal Homeland Security Grant Program) in the Office of Educational Support Service. Homeland Security funding will not be available for the two federally-funded positions after November 2007, which will reduce staff in this area to one full-time state-funded position. These staff members have been responsible for:

- Advancing the Governor's Strategic Action for Violence Elimination Initiative;
- Designing, maintaining and administering the State's School Safety and Security Database that houses the data from approximately 3,600 school security site audits;
- Creating and disseminating a comprehensive School Safety and Security Manual: Best Practices Guidelines to all public and nonpublic schools;
- Creating, launching and regularly updating a school security website dedicated to safety and security;
- Conducting training and technical assistance sessions;
- Developing and providing written procedures, protocols and guidance in areas such as continuity planning, bomb threats, active shooter situations, evacuations, and lock-downs; and
- Conferring with state, county and local agencies who respond to school level emergencies to promote statewide coordination.

Current State Overview – Mandates and Regulations



Mandates and Regulations

No Child Left Behind (NCLB) Act of 2001

Public Law 107-110, NCLB, is a United States Federal law signed on January 8, 2002. NCLB reauthorizes the Elementary and Secondary Education Act of 1965 (ESEA) and incorporates the principles and strategies proposed by President George W. Bush. These include increased accountability for States, Districts, and schools; greater choice for parents and students, particularly those attending low-performing schools; more flexibility for States and local educational agencies (LEAs) in the use of Federal education dollars; and a stronger emphasis on reading.

The following are high-level overviews of the principles and strategies of NCLB:

- **Increased Accountability** – NCLB strengthens Title I accountability by requiring States to implement statewide accountability systems covering all public schools and students.
- **More Choices for Parents and Students** – NCLB significantly increases the choices available to the parents of students attending Title I schools that fail to meet State standards, including immediate relief for students in schools that were previously identified for improvement or corrective action under the 1994 ESEA reauthorization.
- **Greater Flexibility for States, Districts, and Schools** – One important goal of NCLB is to reenergize the "flexibility for accountability" bargain. Prior flexibility efforts have focused on the waiver of program requirements; NCLB moves beyond this limited approach to give States and Districts unprecedented flexibility in the use of Federal education funds in exchange for strong accountability.
- **Putting Reading First** – The Reading First initiative significantly increases the Federal investment in scientifically based reading instruction programs in the early grades. One major benefit of this approach is reduced identification of children for special education services due to a lack of appropriate reading instruction in their early years.
- **Unsafe School Choice Policy (USCO)** - The purpose of the policy is to increase school safety and security, prevent unnecessary or extended interruptions to student learning and provide relief to victims of violent criminal offenses. The policy requires the identification of "persistently dangerous schools" (PDS) and "early warning schools" (EWS) on an annual basis and ensures that PDS schools provide students with an option to transfer and that both PDS and EWS develop and implement corrective actions plans. Additionally, states must ensure that victims of violent criminal offenses are offered, where available, the option to transfer.

Current State Overview – Mandates and Regulations



- Other Major Program Changes – NCLB also puts the principles of accountability, choice, and flexibility to work in its reauthorization of other major ESEA programs. The law combines the Eisenhower Professional Development and Class Size Reduction programs into a new Improving Teacher Quality State Grants program that focuses on using practices grounded in scientifically based research to prepare, train, and recruit high-quality teachers. LEAs are required to demonstrate annual progress in ensuring that all teachers teaching in core academic subjects within the State are highly qualified. The program also gives States and LEAs flexibility to select the strategies that best meet their particular needs for improved teaching that will help them raise student achievement in core academic subjects.

Individuals with Disabilities Education Act (IDEA)

IDEA provides funds to states for the education of children with disabilities. IDEA both authorizes federal funding for special education and related services and sets out principles under which special education and related services are to be provided. The requirements are detailed, especially when the regulatory interpretations are considered. The major principles require that:

- States and Districts make available a free appropriate public education (FAPE) to all children with disabilities, generally between the ages of 3 and 21.
- States and Districts identify, locate, and evaluate all children with disabilities, regardless of the severity of their disability, to determine which children are eligible for special education and related services.
- Each child receiving services has an individual education program (IEP) documenting specific special education and related services to be provided to meet his or her needs; the parent must be a partner in planning and overseeing the child's special education and related services as a member of the IEP team.
- To the maximum extent appropriate, children with disabilities must be educated with children who are not disabled; and states and Districts provide procedural safeguards to children with disabilities and their parents, including a right to a due process hearing, the right to appeal to Federal District Court and, in some cases, the right to receive attorneys' fees.

On December 3, 2004, the President reauthorized IDEA. Most provisions in the new law took effect on July 1, 2005. Many states and Districts continue to promulgate rules to reflect these new requirements and subsequently implement the rules.

Current State Overview – Mandates and Regulations



Abbott District Law

In the Abbott IV (1997) and Abbott V (1998) rulings, the New Jersey Supreme Court ordered a set of education programs and reforms. The Abbott framework includes:

- Rigorous content standards-based education, supported by per-pupil funding equal to spending in successful suburban schools.
- Universal, well-planned and high quality preschool education for all three- and four-year olds.
- Supplemental ("at-risk") programs to address student and school needs attributed to high-poverty, including intensive early literacy, small class size and social services.
- New and rehabilitated facilities to adequately house all programs, relieve overcrowding, and eliminate health and safety violations.
- School and District reforms to improve curriculum and instruction, and for effective and efficient use of funds to enable students to achieve state standards.
- State accountability for effective and timely implementation, and to ensure progress in improving student achievement.

The goal of the Abbott programs and reforms is to give every child the opportunity to attain "his or her own place as a contributing member in society with the ability to compete with other citizens and to succeed in the economy." Under Abbott case law, 31 school Districts received additional state financial assistance to implement specific remedies mandated by the Court.

Under the Abbott decisions, Abbott Districts receive state aid that is calculated to provide them with the same per-pupil operating budget as would be found in New Jersey's wealthiest Districts. Called "Abbott parity aid," this funding is adjusted annually to reflect spending and enrollment in wealthy Districts. In FY2006, Abbott parity aid totaled about \$876 million. Districts that demonstrate educational needs for its students that cannot be financed with state formula aid and parity may apply to the Commissioner of Education for "supplemental aid". In FY2006, this supplemental aid equaled about \$645 million, for a total of \$1.521 billion. The State is financially responsible for the creation of high-quality preschool programs for all three and four year-old children residing in Abbott Districts. Currently, 70 percent of approximately 55,000 eligible children are enrolled in Abbott preschools. Finally, the State is financially responsible for providing adequate facilities with priority given to health and safety projects, creation of preschool facilities, and reduction in overcrowding.

Current State Overview – Mandates and Regulations



Administrative Code

The Administrative Code for New Jersey includes the official version of New Jersey's education regulations under Titles 6 and 6A. These rules that have been adopted by the State Board of Education and/or the Commissioner and are published in the New Jersey Register and govern the operations of DOE. Titles 6 and 6A cover the following major topics:

- Bylaws for the State Board of Education
- Commissioner (role and duties of the position)
- Controversies and Disputes
- Appeals
- Regulatory Equivalency and Waiver
- State Board of Education Rulemaking Process
- Equality in Educational Programs
- Standards and Assessment
- Professional Licensure and Standards
- Financing Foundational and Demonstrably Needed Programs and Services in Abbott School Districts
- Improving Standards-Driven Instruction and Literacy and Increasing Efficiency in Abbott School Districts
- Charter Schools
- Inter-district Public School Choice
- Special Education
- Bilingual Education
- Programs to Support Student Development
- Education of Homeless Children and Students in State Facilities
- Career and Technical Education Programs and Standards
- Marie H. Katzenbach School for the Deaf
- Student Residency
- Finance and Business Services
- Qualified Zone Academy Bonds
- Educational Facilities

Current State Overview – Mandates and Regulations



Administrative Code (continued)

- Comprehensive Maintenance Plans
- Student Transportation
- School Ethics Commission
- Evaluation of the Performance of School Districts
- School District Operations

Communication Workers of America (CWA), Collective Bargaining Agreement

DOE employee's are primarily union employees with the exception of the three levels of management. As of March 1, 2007 the State reached a tentative agreement with the CWA for the period covering July 1, 2007 through June 20, 2011. This collective bargaining agreement largely dictates the way in which the work force functions at DOE. Although the agreement covers many areas the following items are noted for the purposes of this management review:

- *Wages and Compensation* – Union employees will receive an across the board wage increase for each contract year totaling 13% over four years (3% for the first two years and 3.5% the second two years).
- *Performance Evaluation System (PES)* – A mid-year and annual performance evaluation will be conducted. There is a two tier rating system, satisfactory and unsatisfactory. Grievances may be filed to appeal the rating of a PES.

Current State Overview – Current Staffing



Current Staffing

Like all State agencies, DOE operates within the confines of the staffing regulations and hiring processes set forth by the New Jersey State Department of Personnel (DOP), the Office of Management and Budget (OMB) and the Governor's Office. The DOP possesses a variety of responsibilities in response to employee needs and staffing for departments. Overall, DOP is responsible for recruitment and examination of qualified candidates, administration of the compensation program for State employees, monitoring equal employment opportunity programs in State agencies, promoting affirmative action, providing appeal procedures for employees, and administration of training programs.

The process of approval for hiring new employees includes the OMB certification of funds and a hiring freeze exemption from the Governor's Office as well as working with the DOP. DOE's Office of Administrative and Human Resources works cooperatively with the DOP, OMB and the Governor's Office and is primarily responsible for hiring, firing, and employee relations within DOE. They also act as the ethics liaison enforcing state ethics. Any District personnel operations are done at the District level.

As of July 2007, there are 762 funded positions at DOE excluding the Katzenbach School for the Deaf employees. Of the 762 funded positions, 678, or 89%, are occupied and 84, or 11%, are vacant and funded. In order to fill vacant positions, hiring packets must be sent to the DOP. The DOP meets with the Governor's Office once a week to discuss filling positions and the salary level. DOE has experienced a decline in the number of positions over the past eight years. Factors which may contribute to this decline include: past and recent hiring freezes, Administration commitments to reduce the size of the State workforce, and budgetary constraints.

The following tables detail the current staffing levels at DOE. Tables 1 and 2 provide a summary and a trending analysis on Federal and State funded employees that are budgeted for DOE over an eight year period. Tables 3 through 12 detail the current number of DOE positions, the vacancies, and the funding sources for those positions by Office. Table 13 details the current number of County Office positions, the vacancies by County and position title, and whether the staff is shared between two counties or has an interim person in place.

Current State Overview – Current Staffing



Tables 1 and 2: Full Time Employee Historical Data Approved and Funded for DOE, 2000 – 2008

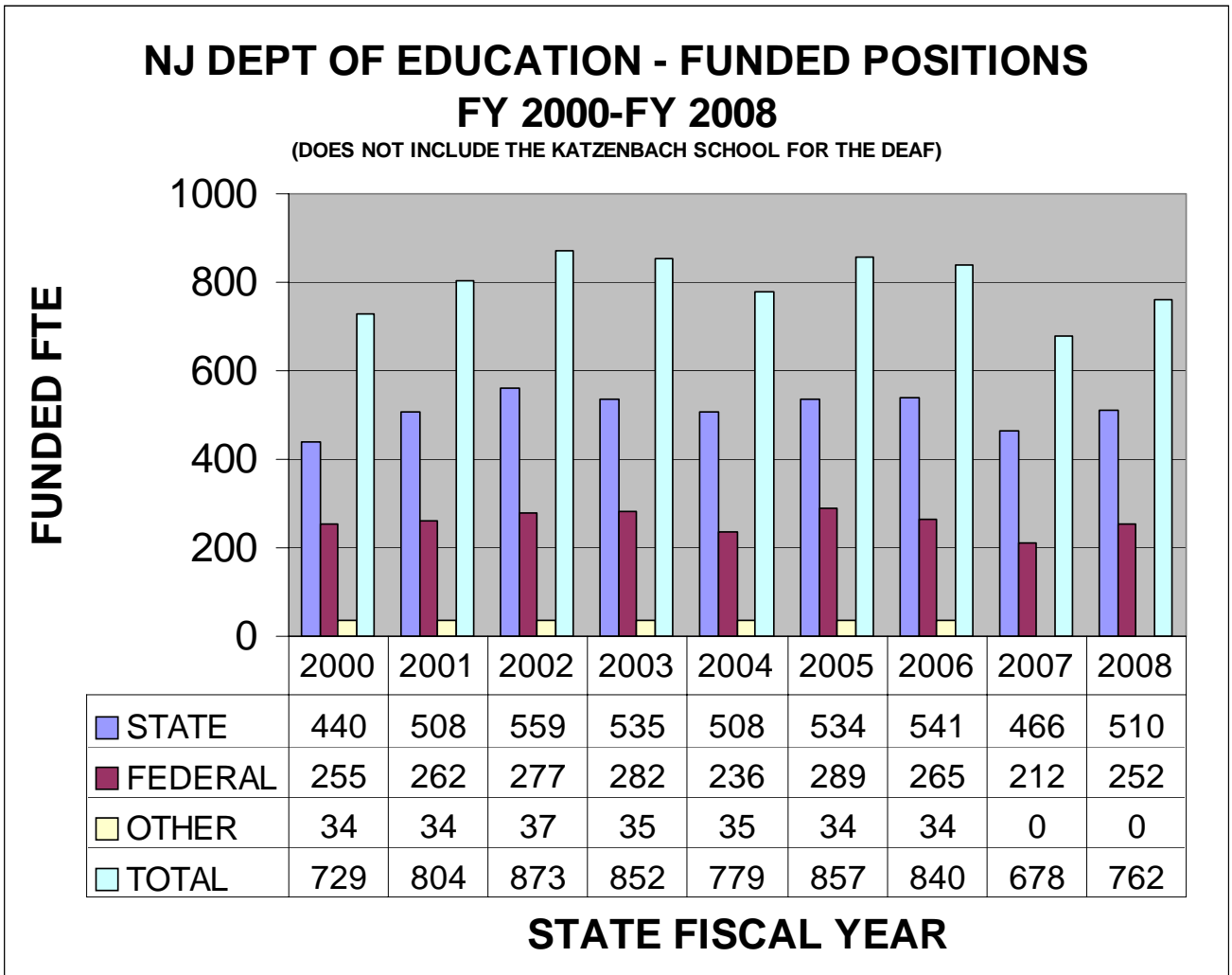
This section provides a summary and a trending analysis on Federal and State funded employees at DOE over an eight year period. Funded positions per the budget and by category from year to year across the eight year period are graphed and also included. Significant changes in full-time employees include the following:

- *State Budgeted* – Full-time employee numbers have increased by 70 people between 2000 and 2008. In addition, state programs had the highest number of full-time employees over the 8 year period in 2002, topping out at 559.
- *Federal Budgeted* - Full-time employee numbers have decreased by 3 people between 2000 and 2008. In addition, federal programs had the highest number of full-time employees over the 8 year period in 2005, topping out at 289 employees.
- *Percent Change* – There is a 4.3% net increase in staffing from 2000 to 2008.

Current State Overview – Current Staffing



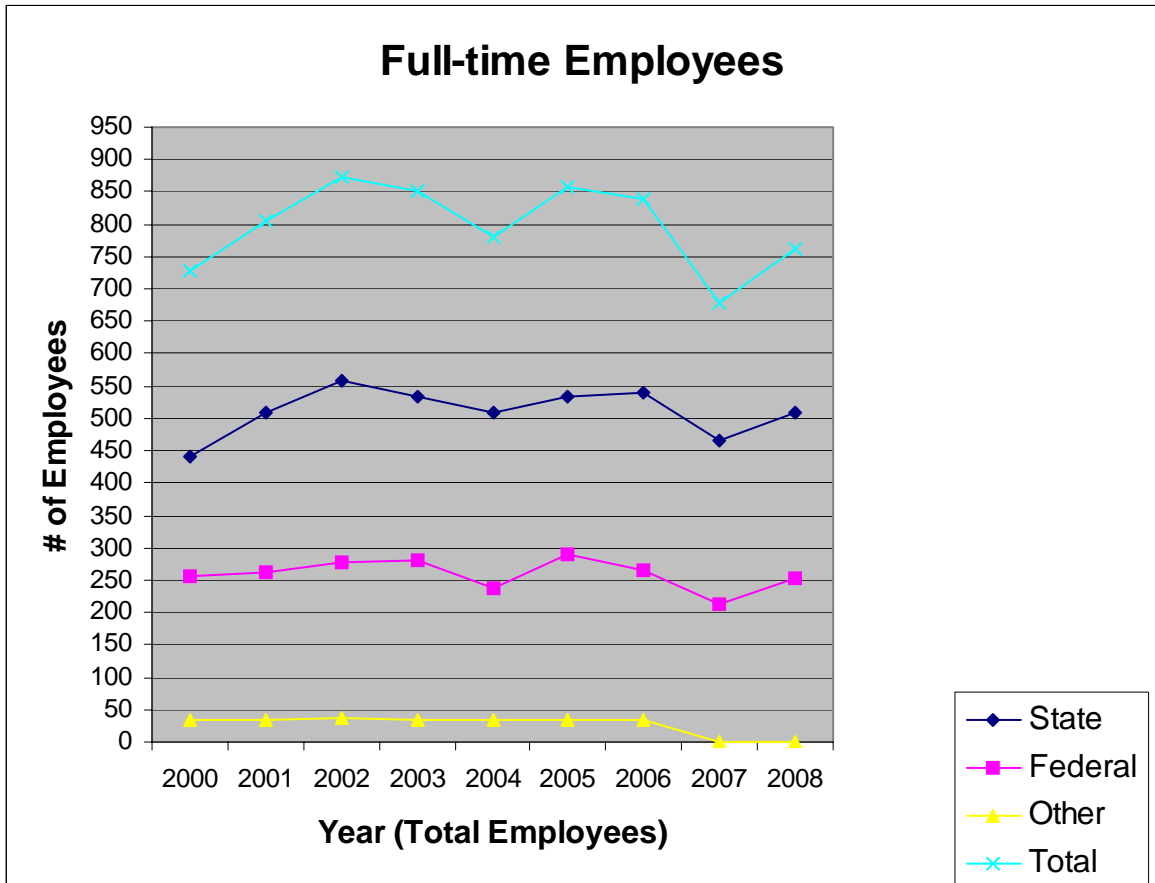
Table 1: Full Time Employee Historical Data Approved and Funded Positions for DOE, 2000 – 2008



Source: NJDOE Chief of Staff, July 2007.

Current State Overview – Current Staffing

Table 2: Full Time Employee Historical Data Approved and Funded for DOE, 2000 – 2008



*Note: This graph does not include the Katzenbach School for the Deaf employees.
Source: NJDOE Chief of Staff, July 2007.*

Current State Overview – Current Staffing



Tables 3 through 12: Current Staffing Levels of DOE, July 2007

The tables in this section detail the current number of DOE positions, the vacancies, and the funding sources for those positions by Office. The source of this data is the NJDOE Chief of Staff as of July 2007. The tables indicate the filled and funded position count as of the 6/5/07 pay period 12. The funded positions are funded for FY2008.

Significant statistics include the following:

- *Vacancies.* As of July 20, 2007 there are 762 funded positions at DOE central office. Of the 762 funded positions, 678, or 89%, are occupied and 84, or 11%, are vacant.
- *Funding Sources.* Of the 762 funded positions, 67% are state funded, 33% are federally funded and 0% are funded by another source.
 - Of the vacant positions 44 or 52% of the 84 are state funded.
 - Of the vacant positions 40 or 48% of the 84 are federally funded.

Note: The Column Headings for each table are as follows:

- FL – Filled as of pay period 12
- FD – FY2008 Funded
- VA – Funded Vacant

Current State Overview – Current Staffing



Table 3: Summary of DOE Current Positions, Vacancies, and Funding Sources

Column Headings are as follows: FL – Filled as of pay period 12, FD – FY2008 Funded, VA – Funded Vacant

Total Staffing												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Commissioner's Office	19	20	1	0	0	0	0	0	0	19	20	1
Field Services	51	63	12	6	8	2	0	0	0	57	71	14
Finance	50	58	8	19	20	1	0	0	0	69	78	9
Early Childhood Education	15	19	4	0	0	0	0	0	0	15	19	4
District & School Improvement	47	53	6	1	1	0	0	0	0	48	54	6
Educational Standards & Programs	98	108	10	42	53	11	0	0	0	140	161	21
Student Services	13	14	1	126	148	22	0	0	0	139	162	23
Research, Evaluation & Assess	5	8	3	12	15	3	0	0	0	17	23	6
Chief of Staff	168	167	(1)	6	7	1	0	0	0	174	174	0
Total	466	510	44	212	252	40	0	0	0	678	762	84

Current State Overview – Current Staffing



Table 4: DOE Current Positions, Vacancies, and Funding Sources – Commissioner’s Office

Commissioner’s Office												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Commissioner’s Office	4	5	1	0	0	0	0	0	0	4	5	1
Special Assist to Commissioner	3	3	0	0	0	0	0	0	0	3	3	0
School Ethics	3	3	0	0	0	0	0	0	0	3	3	0
Controversies and Disputes	9	9	0	0	0	0	0	0	0	9	9	0
Total	19	20	1	0	0	0	0	0	0	19	20	1

Table 5: DOE Current Positions, Vacancies, and Funding Sources – Field Services

Field Services												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Field Services	51	63	12	6	8	2	0	0	0	57	71	14

For an analysis of the current County Staff please refer to Table 13 which details the current number of County Office positions, the vacancies by County and position title, and whether the staff is shared between two counties or has an interim person in place. Because of the complexities of the data, the Office of Field Services interpreted the data and provided guidance regarding County Office vacancies.

Current State Overview – Current Staffing



Table 6: DOE Current Positions, Vacancies, and Funding Sources – Finance

Finance												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
School Funding	18	19	1	0	0	0	0	0	0	18	19	1
Fiscal Policy and Planning	9	10	1	0	0	0	0	0	0	9	10	1
Grants Management	4	4	0	19	20	1	0	0	0	23	24	1
Transportation	5	6	1	0	0	0	0	0	0	5	6	1
Budget Rev & Fiscal Mon.	10	15	5	0	0	0	0	0	0	10	15	5
Asst. Commissioner	4	4	0	0	0	0	0	0	0	4	4	0
Total	50	58	8	19	20	1	0	0	0	69	78	9

Table 7: DOE Current Positions, Vacancies, and Funding Sources – Early Childhood Education

Early Childhood Education												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Central Office	6	9	3	0	0	0	0	0	0	6	9	3
Asst. Commissioner	1	1	0	0	0	0	0	0	0	1	1	0
Pre-school Education	6	7	1	0	0	0	0	0	0	6	7	1
K-3 Education	2	2	0	0	0	0	0	0	0	2	2	0
Total	15	19	4	0	0	0	0	0	0	15	19	4

Current State Overview – Current Staffing



Table 8: DOE Current Positions, Vacancies, and Funding Sources – District and School Improvement

District and School Improvement												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Asst. Commissioner	3	6	3	1	1	0	0	0	0	4	7	3
Abbott Services	41	44	3	0	0	0	0	0	0	41	44	3
School Dist & Improvement	2	2	0	0	0	0	0	0	0	2	2	0
Admin & Reg. Affairs	1	1	0	0	0	0	0	0	0	1	1	0
Total	47	53	6	1	1	0	0	0	0	48	54	6

Current State Overview – Current Staffing



Table 9: DOE Current Positions, Vacancies, and Funding Sources – Educational Standards and Programs

Educational Standards and Programs												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Asst. Commissioner	5	5	0	1	1	0	0	0	0	6	6	0
Equity, Exc & Innov Prgs	7	8	1	4	6	2	0	0	0	11	14	3
Academic Standards	8	9	1	11	15	4	0	0	0	19	24	5
Professional Standards	5	6	1	1	1	0	0	0	0	6	7	1
Licensing	47	48	1	0	0	0	0	0	0	47	48	1
Career and Tech Ed.	12	13	1	14	14	0	0	0	0	26	27	1
Lang. Arts Literacy Ed	14	19	5	11	16	5	0	0	0	25	35	10
Total	98	108	10	42	53	11	0	0	0	140	161	21

Current State Overview – Current Staffing



Table 10: DOE Current Positions, Vacancies, and Funding Sources – Student Services

Student Services												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Asst. Commissioner	2	2	0	0	0	0	0	0	0	2	2	0
Prog Plan & Acct/Spec POP	1	1	0	16	13	(3)	0	0	0	17	14	(3)
Special Education	1	2	1	89	110	21	0	0	0	90	112	22
Educational Support Serv.	8	8	0	12	15	3	0	0	0	20	23	3
Equity/EEO	1	1	0	9	10	1	0	0	0	10	11	1
Katzenbach	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	13	14	1	126	148	22	0	0	0	139	162	23

Table 11: DOE Current Positions, Vacancies, and Funding Sources – Research, Evaluation and Assessment

Research, Evaluation and Assessment												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
State Assessment	5	8	3	12	15	3	0	0	0	17	23	6

Current State Overview – Current Staffing



Table 12: DOE Current Positions, Vacancies, and Funding Sources – Chief of Staff

Chief of Staff												
Type / Division	State			Federal			Other			Total		
	FL	FD	VA	FL	FD	VA	FL	FD	VA	FL	FD	VA
Asst. Commissioner	1	2	1	2	2	0	0	0	0	3	4	1
Fiscal Acct & Compliance	21	18	(3)	0	0	0	0	0	0	21	18	(3)
Compliance Investigation	16	15	(1)	1	1	0	0	0	0	17	16	(1)
State Board Office	4	4	0	0	0	0	0	0	0	4	4	0
State Board Appeals	2	5	3	0	0	0	0	0	0	2	5	3
School Facilities	30	29	(1)	0	0	0	0	0	0	30	29	(1)
Admin & Human Resources	20	20	0	0	0	0	0	0	0	20	20	0
Ed and Info Technology	35	35	0	3	4	1	0	0	0	38	39	1
Legislative Services	6	6	0	0	0	0	0	0	0	6	6	0
Public Information	10	10	0	0	0	0	0	0	0	10	10	0
State Budget & Accounting	23	23	0	0	0	0	0	0	0	23	23	0
Total	168	167	(1)	6	7	1	0	0	0	174	174	0

Current State Overview – Current Staffing



County Staff Allocation of Key Positions Overview

The following table details the current number of County Office positions, the vacancies by County and position title, and whether the staff is shared between two counties or has an interim person in place. DOE has 21 County Offices located throughout the State to manage 616 separate, locally controlled school Districts. This data is as of June 20, 2007 and the source is the Division of Field Services.

- Approximately 52.2% of Districts, or 321 of 616, are located within just 7 Counties, including the following presented in order of size:
 - Bergen – 78 Districts, or 12.7% of all Districts
 - Monmouth – 57 Districts, or 9.3% of all Districts
 - Burlington – 42 Districts, or 6.8% of all Districts
 - Camden – 42 Districts, or 6.8% of all Districts
 - Morris – 41 Districts, or 6.7% of all Districts
 - Hunterdon – 31 Districts, or 5.0% of all Districts
 - Ocean – 30 Districts, or 4.9% of all Districts
- Each County Office has at least (4) key positions, some of which may be vacant or sharing staff with other counties:
 - County Superintendent
 - Business Administrator
 - Child Study Supervisor
 - Education Specialist
- DOE would need to hire the following number of positions to eliminate vacancies and sharing positions in key County Office positions (these positions may or may not be funded):
 - County Superintendents – 10 vacancies
 - Business Administrators – 6 vacancies, 4 shared positions
 - Child Study Supervisors – 2 vacancies, 5 shared positions
 - Education Specialists – 3 vacancies

Current State Overview – Current Staffing



Table 13: County Staff Allocation of Key Positions

County	# of Districts	% of Districts	Full-time Positions	Shared, Vacant or Interim Positions
Atlantic	26	4.2%	<ul style="list-style-type: none"> • Superintendent • Edu. Specialist 	<ul style="list-style-type: none"> • Business Administrator (S w/Cape May) • Child Study Supervisor (S w/Cape May)
Bergen	78	12.7%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Edu. Specialist 	<ul style="list-style-type: none"> • Child Study Supervisor (V)
Burlington	42	6.8%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • Superintendent (V as of 6/30/07)
Camden	42	6.8%	<ul style="list-style-type: none"> • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • Superintendent (V,I) • Business Administrator (V)
Cape May	19	3.1%	<ul style="list-style-type: none"> • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V,I) • Business Administrator (S w/Atlantic) • Child Study Supervisor (S w/Atlantic)
Cumberland	16	2.6%	<ul style="list-style-type: none"> • Superintendent • Edu. Specialist • Child Study Supervisor (S w/Salem) 	<ul style="list-style-type: none"> • Business Administrator (V, I, S w/Salem)
Essex	23	3.7%	<ul style="list-style-type: none"> • Business Administrator • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • Superintendent (V,I)
Gloucester	29	4.7%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Child Study Supervisor 	<ul style="list-style-type: none"> • Edu. Specialist (V, I)

Current State Overview – Current Staffing



Table 13: County Staff Allocation of Key Positions (continued)

County	# of Districts	% of Districts	Full-time Positions	Shared, Vacant or Interim Positions
Hudson	13	2.1%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • No vacant, shared or interim positions.
Hunterdon	31	5.0%	<ul style="list-style-type: none"> • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V,I) • Business Administrator (S w/Somerset) • Child Study Supervisor (S w/Somerset)
Mercer	11	1.8%	<ul style="list-style-type: none"> • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V) • Business Administrator (V, I) • Child Study Supervisor (S w/Ocean)
Middlesex	26	4.2%	<ul style="list-style-type: none"> • Superintendent • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • Business Administrator (V)
Monmouth	57	9.3%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • No vacant, shared or interim positions.
Morris	41	6.7%	<ul style="list-style-type: none"> • Business Administrator • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V,I) • Child Study Supervisor (V as of 6/22/07)
Ocean	30	4.9%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Edu. Specialist 	<ul style="list-style-type: none"> • Child Study Supervisor (S w/Mercer)
Passaic	21	3.4%	<ul style="list-style-type: none"> • Edu. Specialist • Child Study Supervisor 	<ul style="list-style-type: none"> • Superintendent (V,I) • Business Administrator (V, I)

Current State Overview – Current Staffing



Table 13: County Staff Allocation of Key Positions (continued)

County	# of Districts	% of Districts	Full-time Positions	Shared, Vacant or Interim Positions
Salem	15	2.4%	<ul style="list-style-type: none"> • Superintendent • Edu. Specialist 	<ul style="list-style-type: none"> • Business Administrator (V, I, S w/Cumberland) • Child Study Supervisor (S w/Cumberland)
Somerset	21	3.4%	<ul style="list-style-type: none"> • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V as of 7/31/07) • Business Administrator (S w/Hunterdon) • Child Study Supervisor (S w/Hunterdon)
Sussex	27	4.4%	<ul style="list-style-type: none"> • Superintendent 	<ul style="list-style-type: none"> • Business Administrator (S w/Warren) • Edu. Specialist (V) • Child Study Supervisor (S w/Warren)
Union	23	3.7%	<ul style="list-style-type: none"> • Superintendent • Business Administrator • Child Study Supervisor 	<ul style="list-style-type: none"> • Edu. Specialist (V)
Warren	25	2.1%	<ul style="list-style-type: none"> • Edu. Specialist 	<ul style="list-style-type: none"> • Superintendent (V,I) • Business Administrator (S w/Sussex) • Child Study Supervisor (S w/Sussex)
Total – 21	616	100%	N/A	N/A



**Section IV:
Desired State
Overview**

Desired State Overview



Desired State Introduction

DOE is facing the charge of implementing and executing the following initiatives: QSAC, CORE, District Accountability Measures, NJSMART, a new school funding formula, and a new assessment system. As these initiatives were discussed in the Current State Overview, the Desired State Overview section focuses on the goals that DOE senior leadership identified as necessary to meet in order to successfully accomplish the purpose and missions of the initiatives. The goals were identified during a focus group KPMG held with the senior leadership to specifically discuss the future state of DOE. The purpose of that discussion was to fulfill two main objectives:

- First, inclusion of DOE management goals which should be reflected in this report and which will guide their responses to the findings and recommendations included therein;
- Second, inclusion of an appropriate context and reasonable basis for recommendations that are presented in this section and in the Findings and Recommendations section of this report.

The Desired State Overview is not intended to articulate a complete strategic plan for DOE. One of the recommendations further detailed in this report is that the development of a strategic plan should involve pertinent stakeholders with the State Board of Education acting in an advisory capacity throughout the process. The exercise undertaken with DOE management was to help formulate an approach to providing oversight to the Districts in an effective manner going forward. The following areas were covered in terms of how management envisions DOE operating in the future:

- Organizational Structure;
- Personnel Management;
- Communication Processes;
- QSAC Implementation;
- Execution of CORE.

In order to drive the conversations surrounding these five categories, KPMG facilitated a brainstorming analysis utilizing the SWOT technique. SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats and the goal of performing this analysis was to quickly identify what impacts the goals and / or desires of management as they begin working towards executing the many initiatives in place at DOE. As is the case with any brainstorming tool, the SWOT analysis was intended only to generate ideas and conversation and was not intended to solicit a complete or detailed analysis on any one subject. The following three high-level goals were identified by DOE leadership for DOE to accomplish in the next year:

- Execution of CORE. Establish units and personnel to work in coordination to implement QSAC and the DPR.
- Provide effective support to the County Offices, Executive County Superintendents and Business Administrators, to help them assist local Districts with QSAC and CORE.
- Define DOE's roles and responsibilities with schools, Districts and County Offices and build the necessary communication channels with stakeholders to improve processes.

Desired State Overview



Strengths, Weaknesses, Opportunities and Threats

The following is the results of the SWOT exercise conducted during the focus group with DOE senior leadership. It is common during an exercise such as SWOT analysis to see a disparate number of weaknesses identified versus strengths. During a performance audit where findings are presented, the natural inclination is to focus on the deficiencies of an organization. This is beneficial as it helps build recommendations to mitigate the risks present in an organization. Furthermore, on the following page we list the Opportunities and Threats. As indicated, many opportunities were identified by DOE management to improve operations.

Strengths	<ul style="list-style-type: none"> • DOE is getting the right management team in place and all feel confident about the direction DOE is taking in the coming years. • Management believes that the majority of DOE employees genuinely care about serving the best interests of the State, the Districts, and students. • DOE has a good relationship with the New Jersey business community and outside agencies. • Currently DOE is maximizing the use of Federal grant money to fund programs at the State-level and distribution to the local Districts. • NJSMART database is already a strength in being able to mine student data.
Weaknesses	<ul style="list-style-type: none"> • There are competing roles and priorities among the State Board of Education and the Commissioner of Education, as well as competing priorities among the Board of Education and the Governor's Office. • Hiring personnel is a challenge at DOE due to the limited resources and the approvals which involves OMB certification of funds and a hiring freeze exemption from the Governor's office. The compensation structure at DOE is neither competitive with the private sector or the local Districts making it difficult to recruit and retain talented personnel. • DOE's performance management system (e.g., PES/PAR) does not effectively reward or incentivize performance; conversely it does not help identify opportunities for improvement or professional needs of individuals. • The goals of DOE are not driven through the organization to the employee level, therefore, employees are not clear of the initiatives and priorities of the State and DOE. • DOE management fails to actively seek out and identify professional development and training opportunities for employees in a coordinated, departmental effort. • The lack of technology holds DOE personnel back from performing at efficient levels – too reliant on old legacy systems, manual time keeping, telephony, typewriters, etc. • Personnel do not understand the financial resources available by programming; budgets are set up by the State but are not correlated by DOE to programs, initiatives, etc. • The budget process is difficult; approvals are lengthy and cumbersome. Once a budget is initially established, the final control does not rest with DOE and the Commissioner. • Communication across DOE is not effective; results in difficulty in providing consistent and accurate messages to the County Offices and local Districts. • The ability to provide the necessary oversight of QSAC, A4 and A5 (CORE) is not currently in place at DOE.

Desired State Overview



Strengths, Weaknesses, Opportunities and Threats (continued)

Opportunities	<ul style="list-style-type: none"> • New initiatives like CORE and QSAC afford the opportunity to develop new work processes / systems and departmental functions to positively impact the State of New Jersey. • The NJSMART database project will allow the State to track individual student progress from year-to-year and district-to-district and mine data in new ways. • DOE has the opportunity to address Special Education initiatives in the future and be proactive in identifying and developing leading practices. • QSAC provides opportunity to align, consolidate, and increase consistency in academic programs; • Technology can be improved to increase productivity – from upgrading hardware and telephony, to implementing an automated time keeping system. • Professional development can be improved from training of staff to updating roles and responsibilities for all employees based on principles of QSAC and CORE. • DOE can better leverage relationships with outside partners to increase and develop resources. • DOE may be able to utilize Federal grant money, specifically funds earmarked for administration, to finance initiatives and resources within DOE.
Threats	<ul style="list-style-type: none"> • The ability to hire people in a timely manner is critical and key leadership positions remain vacant – currently lack a Chief-of-Staff to lead the administrative efforts of DOE, and have not been able to fill the Executive County Superintendent positions across the State in a timely manner. (Note: As of June 2007, the Chief of Staff position is filled.) • Tangible staffing needs exist to execute oversight of QSAC, CORE, etc. • Lack of alignment and coordination between the State Board of Education goal's, QSAC, and CORE exists. • QSAC is currently being interpreted as punitive by local Districts versus as a means to assess their operations against State standards. • Lack of a funding formula impacts the ability to disperse State education funding in an equitable manner that correlates with CORE's initiatives. • Inconsistency continues to exist in communication between DOE, County Offices, Districts, etc. • Communication of the new organizational structure has not driven home the changes desired in operations and functions. • Sharing of institutional knowledge and identification of leading practices at an educational level are not disseminated productively to local Districts or within DOE to employees. • DOE has yet to really determine what it will take to execute QSAC and CORE in the coming years.

Desired State Overview



High-Level Goals

Following the SWOT analysis, DOE management identified high-level goals and “wants” for each of the five areas that were focused on during the desired state discussion. The following is a brief synopsis:

QSAC Implementation:

- Fill the Executive County Superintendent and Business Administrator positions.
- Determine future staffing needs at the County and DOE level to actualize the DPR and QSAC.
- Ensure proper coordination with County Offices.
- Provide training to DOE employees and local District personnel.
- Establish an effective means to collect QSAC data with information technology systems, including document retention.
- Complete the first year of the DPR and make needed changes in processes in years two and three.

Execution of CORE:

- Resolve potential questions, conflict and concerns between the County Offices and local Districts.
- Interpret the applicable legislation and establish a plan to accomplish the goals of CORE.
- Create incentives through the funding formula to achieve the goals of CORE.

DOE Organizational Structure:

- Better define how work gets accomplished across units and divisions.
- Establish a better working relationship with the State Board of Education.
- Realign the Office of Abbott Services and Regional Abbott Offices to match legislative initiatives of DOE.
- Physically move employees to match the new organizational structure.
- Refine the delivery structure of DOE services to the 21 County Offices and 600 plus local Districts.

Personnel Management:

- Provide professional development and functional core training to employees in a timely manner.
- Ensure that performance goals and objectives are established in line with the initiatives of DOE and the State annually.
- Change the performance management system to provide constructive feedback to employees based on their goals and objectives at least two times per year.
- Refine job descriptions to better articulate the expectations of personnel.
- Fill needed positions at DOE based on targeted initiatives such as CORE and QSAC.
- Evaluate the compensation structure of DOE employees and tie performance to annual increases.

Desired State Overview



High Level Goals (continued)

Communication Processes:

- Streamline communication from DOE outward to County Offices and local Districts.
- Ensure that messages are disseminated and read by those who receive them.
- Establish different methods for communication to DOE constituents utilizing technology.
- Make communication consistent in terms of timing and tone.
- Identify leading practices in other states and local Districts, and communicate to stakeholders.

Conclusion

The Desired State Overview resulted from a meeting that engaged senior leadership in focusing on where DOE needs to be one year from now in order to achieve current initiatives (refer to Page 16 for a listing of attendees). The following section, Findings and Recommendations, considers the desired state by analyzing areas relating to the organization and operations of DOE, in conjunction with the future state goals. The findings provide a picture of the current issues that DOE may face with regards to the initiatives and why they have not achieved, or may not achieve, their goals. The recommendations are intended to assist DOE senior leadership with improving the present issues and reach the desired state.



**Section V:
Findings &
Recommendations**

Findings & Recommendations – Introduction



Introduction

In order to provide effective district oversight, including the execution of QSAC and CORE initiatives and future program and legislative mandates, DOE’s organizational and operational structures must be sufficient to support program implementation. During this review, multiple findings were identified which impact DOE’s ability to provide such oversight in an efficient and effective manner. The findings were derived from structured interviews, focus groups, document review, a Job Activity Questionnaire, benchmarking, and a District Survey.

The findings included within this report are classified as either primary or secondary. Primary findings focus on governance and the monitoring of District activities for accountability generally related to QSAC and CORE. These findings are the core objective of this engagement, such as the capacity for DOE to effectively monitor Districts and identify organizational and staffing deficiencies that limit DOE’s ability to provide effective oversight.

The secondary findings involve the execution of regulatory and administrative functions, such as the recent reorganization, development of a new school funding formula, and technical infrastructure that generally support DOE in providing oversight in QSAC and CORE. These findings are included as they may be of importance to DOE senior leadership in meeting the goals of the Desired Future State.

The following chart shows the organization of the primary and secondary findings by common themes. The numbers correlate to the finding number.

Primary	Secondary
A. Governance	A. Personnel Management
1. Relationships	13. DOE Staffing Levels
2. Strategic Plan	14. Performance Management
3. Organizational Structure	15. Compensation
B. QSAC	16. Training
4. Staffing	17. Institutional Knowledge
5. Process (Policies and Procedures)	B. Communication (18)
6. Training and Technical Assistance	C. Budget and Finance
7. Communication	19. Grants Management
C. CORE	D. Information Technology
8. Staffing	20. Data Collection
9. Process (Policies and Procedures)	21. EWEG
10. Training and Technical Assistance	22. Legacy Systems & Equipment
11. Communication	
D. Compliance and Monitoring (12)	

Findings & Recommendations – Introduction



Of the findings noted, issues in DOE's ability to effectively manage personnel and communication appears to hinder the execution of initiatives or programs to the greatest extent. A summary of these items are as follows:

Personnel Management

- *Organizational Structure* – The current organizational structure reflects a recent reorganization, which was implemented in April 2007, that attempts to improve the working relationship between DOE and the County Offices and Districts, and the roles and responsibilities of those offices. DOE was in a period of transition at the time of the performance audit. As a result, there is a lack of clearly defined roles and responsibilities as a result of the reorganization, specifically for the new or merged offices. Although 78% of JAQ respondents felt their responsibilities and authority was clearly communicated to them and appropriate, interviews ran contrary as many people raised concerns over a lack of understanding of other their responsibilities. They also expressed in interviews a lack of understanding regarding which offices or individuals handle certain tasks that were formerly performed by staff in an office that was moved or merged into another office.
- *Oversight and Monitoring* – County Offices are not fully staffed, specifically with regards to QSAC and CORE. This prevents or stalls County Offices from beginning to implement QSAC and CORE.
- *Mandates and Regulations* – Performance evaluations of staff are mandated by the CBA, however the ratings are not linked to salary increases or promotions. This structure provides staff with little incentive, which may hinder DOE's ability to effectively or efficiently implement current and future initiatives.

Communication

- *Strategic Plan* – Little collaboration occurred between DOE and the State Board of Education when the Strategic Plan was updated in 2002. No agreement was reached on the educational mission and strategy, which resulted in inconsistent communications of goals and objectives to DOE employees. Of the respondents to the JAQ, 39% indicated DOE's goals, policies, and directives were not effectively communicated to employees.
- *Cross Unit Communication* – Communication within functional work areas appears to be sufficient, but there is a lack of communication across and between Offices and Divisions of DOE. While 78% of DOE employees feel lines of communication within their functional work area are well defined and responsibilities and authority are clear and appropriate, only 61% indicated DOE goals, policies and directives are effectively communicated across DOE. As a result, the efficiency of activities may suffer, work may not be performed in accordance to policy or regulations because employees may be unaware of changes, or duplication of efforts among activities may occur.
- *Oversight and Monitoring* – Policies and procedures have not been formalized and communicated to DOE employees, specifically with regards to QSAC and CORE. This prevents County Offices from planning the implementation QSAC and CORE.

Findings & Recommendations – Introduction



The matrix below provides a high-level overview of the findings, and how communication and personnel management impacts current and future initiatives.

Current Initiatives	Personnel Management	Communication
Re-Organization	<ul style="list-style-type: none"> • Little focus on operational process changes, clarifying and defining new roles and responsibilities, and the physical movement of people. • Some Abbott fiscal responsibilities now delegated to County Offices. 	<ul style="list-style-type: none"> • No consistent communication regarding the reorganization and potential changes. • Limited input from key stakeholders within DOE.
QSAC and CORE	<ul style="list-style-type: none"> • Potentially inadequate staffing levels may hinder DOE's ability to implement and execute QSAC and CORE. • Executive County Superintendents and Executive County Business Administrators have not been designated and hired. • County Superintendents, County Business Administrators, Child Study Supervisors, and Education Specialists are not fully staffed at the County Offices. 	<ul style="list-style-type: none"> • Training on the interpretation and execution of QSAC and CORE has not occurred. • Lack of communication within DOE about QSAC and CORE policies and procedures.
Mandates and Regulations	<ul style="list-style-type: none"> • Performance evaluations for staff are not linked to compensation or promotions. • No continual policy that links management's performance to compensation and promotions. 	<ul style="list-style-type: none"> • Performance evaluations may not provide an accurate or detailed review of an employee's performance, or link to the goals of QSAC and CORE.
Assessments / Data Collection	<ul style="list-style-type: none"> • Inadequate staffing levels to handle the number of grant applications. • Inadequate staffing levels to validate enrollment and District Report of Transport Resident Students (DRTRS) data. • Institutional knowledge gap when employees leave DOE or change positions. Staff turnover may result in lost data. 	<ul style="list-style-type: none"> • General lack of coordination and communication across units within DOE. • No consistent mechanism is used to track data. • No formalized long-range plan to store and file documents.

Findings & Recommendations – Introduction



Based on GAGAS standards, each finding and recommendation contains the following elements:

Finding: A high-level statement of the finding or issue faced by DOE.

Criteria: The criteria cites and summarizes the laws, regulations, policies, procedures, and leading or standard practices of the program or operation mentioned in the finding.

Condition: The condition provides specific observations and examples of the finding in the current state of DOE, and provides evidence that supports the cause of the finding.

Effect: The effect indicates the possible risk the finding may have on DOE. The effect statement establishes the impact of the difference between the condition, what is currently happening, and the criteria, what should be occurring by law or policy.


Recommendation: The recommendation(s) are suggestions that DOE management may consider when formulating action plans to address the findings and potential risks we identified in the report.

Management Response (provided by DOE):

Current Status of Condition: Comments on the finding from DOE management responsible for implementing action plans to mitigate the risks.

Response to Recommendation: Comments on the recommendations from DOE management responsible for implementing action plans to mitigate the risks.

Status: The current status of the corrective action taken on the finding.



**Primary
Findings and
Recommendations**

Findings & Recommendations / Primary Governance: Relationships



Finding 1: *The reporting structure and authority levels between the State Board of Education and DOE fosters an environment with the potential for competing priorities and inconsistent decision making processes.*

Criteria:

“The state board shall make and enforce, and may alter and repeal, rules for its own government and for implementing and carrying out the school laws of this state under which it has jurisdiction.” – General rule-making power, N.J.S.A. 18A:4-15.

“The commissioner shall have supervision of all schools of the state receiving support or aid from state appropriations, except institutions of higher education, and he shall enforce all rules prescribed by the state board.” – Supervision of schools; enforcement of rule, N.J.S.A. 18A:4-23.

Condition:

There are four main factors in the relationship between the State Board of Education and DOE, that appear to be creating an uncoordinated environment:

- First, there appears to be a lack of consistent coordination between the State Board of Education, the Commissioner’s Office, and DOE senior management regarding the promulgation of rules. The State Board of Education has a rulemaking process, however, when authorized by the State Legislature, the Commissioner has the ability to use emergency rule or Administrative Procedure Act authority to set policy for DOE without using State Board of Education rulemaking process.
- Second, the State Board of Education possesses the ability to review the Commissioner’s administrative decisions and to overturn adjudicative decisions. While the New Jersey statutes provide both the State Board of Education and the Commissioner with the power to enforce school law, this reporting structure allows the State Board of Education to overrule a decision made by the Commissioner. This may cause inconsistent interpretation and guidance to DOE employees with regards to the implementation and execution of current initiatives and programs. This also may result in competing priorities as the State Board of Education’s and the Commissioner’s Office’s interpretation and implementation of policy differs and a consensus or understanding is not always reached.

As presented in the Benchmarking Analysis, in the four states that were researched, the Commissioner or the Superintendent is the agency head and the State Board of Education acts as a partner in setting the agenda for DOE. In Arkansas, the State Board of Education cannot overturn a DOE decision. In Massachusetts, Kentucky and North Carolina, the State Board of Education has the authority to establish policy, but this is not all inclusive power. The State Board of Education only has the authority to overrule policy that comes before them, which usually does not extend to the operational issues for DOE. As stated above, in New Jersey, the State Board of Education has the ability to overturn adjudicative decisions.

Findings & Recommendations / Primary Governance: Relationships



Finding 1 (continued): *The reporting structure and authority levels between the State Board of Education and DOE fosters an environment with the potential for competing priorities and inconsistent decision making processes.*

Condition (continued):

- Third, the extent of the State Board of Education’s assistance to County Offices and Districts has not been clearly defined. For example, when approving the QSAC DPR, the State Board of Education’s role and responsibilities may not be coordinated with the roles and responsibilities handled by DOE and this may cause difficulties in the execution of QSAC.
- Fourth, the State Board of Education is appointed by the Governor with the advice and consent of the Senate and is appointed for six year terms by statute. The State Board of Education terms are not concurrent with the Governor’s term. In addition, members can be reappointed or placed in a holdover status.

Effect:

Decisions may be stalled because an agreement is not reached between the State Board of Education and the Commissioner’s Office on the interpretation and subsequent implementation of policy. Specifically, DOE may not meet key roll-out deadlines or successfully implement QSAC, if DOE is unable to communicate sound processes to County Offices and Districts that dictate timelines, reporting structure, and workflows for the QSAC program and DOE involvement. Additionally, decisions may be made without sufficient input or communication with DOE, which is necessary based on the operational impacts of decisions.

Recommendation:

To address competing priorities the following may be considered:

- Review the possibility of making the State Board of Education an advisory board, which may enable the Commissioner to more quickly and effectively act upon policy changes and improvements. Consider revising the State Board of Education’s duties with regards to reviewing the Commissioner’s administrative decisions.
- Require the State Board of Education, the Commissioner’s Office, and the Governor’s Office to sign-off on a strategic plan (see recommendation section of Governance: Strategic Plan Finding 2 on page 69), indicating their approval and agreement with the plan’s mission statement, goals, and objectives.
- Consider revising the State Board of Education’s six year term to a four year term and making it concurrent with the Governor’s term of office.

Findings & Recommendations / Primary Governance: Relationships



Finding 1 (continued): *The reporting structure and authority levels between the State Board of Education and DOE fosters an environment with the potential for competing priorities and inconsistent decision making processes.*

Management Response

Current Status of Condition:

- Under current state statute, the State Board of Education is the agency head although the Commissioner is appointed by the Governor and is, by law, the chief executive and administrative officer of the Department. Prior to 1990, the Commissioner held a five-year term that was not concurrent with the Governor's term. The law was then changed to provide for an appointment by the Governor without a specified term. As a member of the Governor's Cabinet, the Commissioner answers directly to the Governor and is responsible for implementing his/her policy priorities and initiatives.
- In general, the State Board of Education continues to be responsible for rule-making. The Legislature has given the Commissioner authority to utilize emergency rule-making power or the Administrative Procedures Act in limited cases in the past, particularly when a shorter time frame is necessary. Most recently, this authority was more broadly granted to enable the implementation of two key initiatives, QSAC and CORE. The Commissioner has emergency rule-making powers for QSAC until January 2008, and will use the APA for the following two years. Thereafter, the State Board will promulgate regulations for QSAC. The Commissioner has emergency rule-making authority for CORE until April 2008. The State Board will promulgate the rules thereafter.
- Because the State Board is the head of the agency, all administrative decisions of the Commissioner can be appealed to the State Board before the judicial appellate process begins. This process has resulted in contradictory decisions by the Commissioner and the State Board which has led to confusion among the staff and the field. In addition, duplicative work is required as staff in two different offices in the Department as well as the Attorney General's office review essentially the same cases.
- Finally, it should be noted that the legal review of the Commissioner's decisions by the State Board is extremely time-consuming work that strains the resources of the volunteer Board, leaving less time for the members to devote to policy and strategic issues. Given the volume of work associated with reviewing the legal decisions, it is often difficult to recruit State Board members to serve on the Board's Legal Committee.

Findings & Recommendations / Primary Governance: Relationships



Finding 1 (continued): *The reporting structure and authority levels between the State Board of Education and DOE fosters an environment with the potential for competing priorities and inconsistent decision making processes.*

Response to Recommendations:

- The Department agrees that the reporting structure can foster an environment with the potential for inconsistent decision-making and priorities.
- The Department agrees that State Board review of administrative decisions can lead to confusion about the implementation and interpretation of education policies. Moreover, duplicate staff review by both the Department and the Attorney General's office is not an efficient use of the State's resources. In addition, given the large volume of work associated with the review of administrative decisions, it may be more worthwhile to devote the State Board's resources to policy and strategic matters. For these reasons, it may be more efficient from both a fiscal and policy perspective for decisions of the Commissioner to be final.

Status:

- In process

Findings & Recommendations / Primary Governance: Strategic Planning



Finding 2: *The Strategic Plan for Improvement in Public Education in the State of New Jersey is not aligned with current DOE objectives, goals, and initiatives.*

Criteria:

Strategic Plan for Improvement in Public Education (“Strategic Plan”) in the State of New Jersey – By New Jersey State Board of Education, a five-year plan 2003 – 2008.

Condition:

The current strategic plan, adopted in 2002, covers four main policy areas: assessment, exemplary educational practices, literacy, and teacher preparation and development. These four policy areas continue to be priorities but do not include new initiatives and priorities of DOE, including QSAC, CORE and the new funding formula.

In 1995, the State Board of Education, adopted its first strategic plan as a framework to guide state-led initiatives to improve education in New Jersey and to serve as a blueprint for the reform of educational policies. The original strategic plan was revised in 1996 and again in 2000. The plan directed the major reforms and initiatives in the public education system of the State Board of Education. Among the changes stimulated by the Strategic Plan were the adoption of the CCCS for all New Jersey public school students, an assessment system aligned to those standards, Comprehensive Review of Code, the development of the Comprehensive Educational Improvement and Financing Act (CEIFA), the development of charter schools, a major state-wide effort to improve school facilities, and a greater emphasis on early childhood education.

In 2001 and 2002, the State Board of Education reviewed its Strategic Plan and decided that the majority of its stated goals had been accomplished. The State Board of Education, in cooperation with DOE, identified new major policy areas that required attention. The plan was updated in 2002 by the State Board of Education with some input from DOE, however, input may not have been received from all interested stakeholders both internal and external to DOE. During interviews, many managers indicated they were not familiar with the goals of the plan or how their office and position supported the plan’s objectives. Those interviewed indicated the State Board of Education or DOE management had not communicated with them for some time about the Strategic Plan. Also, the JAQ results showed that 39% of respondents indicated that DOE’s goals, policies, and directives are not effectively communicated.

In addition to issues surrounding communication of the plan, there does not appear to be follow through by the State Board of Education or DOE on the implementation and effectiveness of the Strategic Plan. No study regarding the effectiveness of the plan has occurred and when asked during interviews about the Strategic Plan, few people understood how they fit into the plan and how the objectives of the plan were going to be achieved. Additionally, DOE senior leadership indicated they were not in complete agreement with the plan’s mission and how DOE would be able to meet the plan’s objectives.

Findings & Recommendations / Primary Governance: Strategic Planning



Finding 2 (continued): *The Strategic Plan for Improvement in Public Education in the State of New Jersey is not aligned with current DOE objectives, goals, and initiatives.*

Effect:

The lack of collaboration and agreement between the State Board of Education and DOE may prevent the establishment of effective policy and may inhibit the implementation and execution of a Strategic Plan across DOE that is aligned with QSAC and CORE. The lack of communication regarding the plan hinders DOE's ability to ensure operational procedures are in place to meet the plan's goals. Additionally, because there is no single vision about the direction of education within the State, conflicting goals may result in divisions and offices creating and implementing initiatives or programs that are not cohesive, in alignment, or conducive to DOE overall.

Recommendation:

The State Board of Education is scheduled to review the 2002 Strategic Plan with DOE management in September 2007. Prior to updating the Strategic Plan, a framework for developing the Strategic Plan should be created that considers the following:

- The State Board of Education and DOE should review the plan on an annual basis and revise its contents as is appropriate to reflect the current initiatives, priorities, and goals at DOE.
- In a collaborative effort between the State Board of Education and DOE, one cohesive strategic plan that unifies the goals and priorities should be created. The plan should reflect, support, and align with current educational initiatives, such as QSAC, CORE, the new funding formula, NJSMART, and other DOE programs.
- The State Board of Education should include the Commissioner's Office, Assistant Commissioners, and other senior staff in discussions of strategic goals and objectives prior to updating and finalizing the strategic plan, as these DOE employees will be responsible for the execution of policies and procedures to meet the plan's goals. Therefore, it is important that the goals are realistic and feasible from an operational standpoint.
- The strategic plan should be communicated to DOE, County Office, and District employees multiple ways including via email, posting on DOE internal and external websites, hard copy distribution and training.
- Based on the Strategic Plan, Divisions and Offices should create more unit specific charters that detail how that unit will assist in meeting the overall educational objectives of DOE, as mentioned in the Governance: Organizational Structure in the recommendation section of Finding 3.1 on pages 72-73. The charters may be used to help with change management of the reorganization effort.

Findings & Recommendations / Primary Governance: Strategic Planning



Finding 2 (continued): *The Strategic Plan for Improvement in Public Education in the State of New Jersey is not aligned with current DOE objectives, goals, and initiatives.*

Recommendation (continued):

- The Divisions and Offices should communicate through the Assistant Commissioner of the Division of Field Services the areas of the strategic plan that the County Offices and Districts must incorporate into their daily functions in order to meet DOE's strategic goals and objectives. The County Offices should also refer to the State Board of Education's strategic plan when reviewing District level strategic plans to ensure the District plans are aligned with the overall strategic goals and that specific objectives exist at the District level to achieve DOE's mission.
- Similar to the North Carolina Department of Education, the strategic plan should be disseminated throughout the Districts and the schools and if a school improvement plan is developed at the local level, they are required to align their goals with the goals of DOE.
- The Commissioner should report to the board on the plan as method to follow-up and track the status of the strategic plan. This helps to ensure the plan is relevant based on new mandates and regulations and that the procedures in DOE divisions and offices are aligned with the plan's objectives.

Management Response

Current Status of Condition:

- The current strategic plan, adopted in 2002, was developed by a Commissioner appointed by a newly-elected Governor and a State Board predominantly appointed by two prior Governors. The Commissioner's priorities had been developed in concert with the Governor's vision for education reform. The State Board had determined not long before that the majority of its goals had been accomplished. The State Board therefore revised the plan in 2002 and early 2003, with some input from the Department, but it was clearly not a joint plan.
- Since the Commissioner was working to achieve the goals of the Governor's education plan, the elements of the State Board's strategic plan were not always given the highest priority by the Department. In addition, there was little follow-up regarding the status of implementation in the ensuing years.
- In anticipation of the gubernatorial election in November 2005, the State Board issued a paper on critical issues for 2005-06 entitled "Priorities in Education for New Jersey (Six in '06)" that detailed the six issues that the Board determined required immediate, creative and collaborative solutions. Three of those issues were connected to those in the 2002-2007 Strategic Plan, though three of them were not. Those issues were not incorporated into the strategic plan, although two of them, *International Education* and *Vocational Education*, were featured topics at the Board's retreats in 2006 and 2007.

Findings & Recommendations / Primary Governance: Strategic Planning



Finding 2 (continued): *The Strategic Plan for Improvement in Public Education in the State of New Jersey is not aligned with current DOE objectives, goals, and initiatives.*

Current Status of Condition (continued):

- The State Board is once again preparing to revise its Strategic Plan. During discussions that began last year, the Commissioner and State Board agreed to work together on a single strategic plan. The State Board is scheduled to begin work on the new plan at its retreat in mid-September 2007. The Commissioner and senior management staff from the Department will participate with the State Board in the process of crafting the new strategic plan. The Commissioner and senior staff look forward to working with the State Board to better align their priorities and goals with those of the Governor and Commissioner.

Response to Recommendations:

- The Department agrees that there should be one cohesive Strategic Plan that is aligned with the initiatives that have been set forth including QSAC and CORE.
- The Department agrees that the new strategic plan should be widely distributed and communicated both within the Department and throughout the education community.
- The Department agrees that the plan should be reviewed on an annual basis to measure progress and revised as necessary to address changing priorities.
- The Department agrees that once the plan is adopted, Division objectives should be identified that will assist in meeting the overall educational objectives of the Department and the goals of the plan.

Status:

- In process

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.1: *The new organizational structure was designed and implemented with limited input from key stakeholders at DOE. Additionally, the new structure did not appear to be sufficiently or consistently communicated throughout DOE.*

Criteria:

Organizational Chart. (See Appendix A for the current organizational structure.)

Condition:

In consultation with the Governor's Office, DOE leadership recently re-organized DOE in order to:

- Improve organizational effectiveness;
- Organize key internal functions under the leadership of a Chief of Staff;
- Organize educational and academic functions under the leadership of a Deputy Commissioner; and
- Prepare for implementation of new initiatives including NJQSAC and CORE.

In addition to input from the Governor's Office, there was consultation with the Assistant Commissioners, Special Assistant to the Commissioner and other external stakeholders. The new structure was approved by the Governor's Office and was also dependent on other external factors such as hiring, retaining, and departure of personnel critical to the new structure.

However, it was noted by some Division middle management during interviews that the re-organization effort was not discussed with them.

Effect:

The new reorganization structure appears reasonable, however, during the transition period the new organizational structure does not reflect the actual operations of DOE's divisions, may not provide operational improvements, and may not be accepted or successfully implemented by the divisions and offices.

Recommendation:

Effective change management techniques should be utilized by DOE management as it goes forward with the goal of actualizing the new organizational structure.

- Use multiple methods of communicating the changes and what they mean to employees, including meetings, telephone, emails, and an intranet website. This communication should be done by Division and Office and may be led by Division leadership.

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.1 (continued): *The new organizational structure was designed and implemented with limited input from key stakeholders at DOE. Additionally, the new structure did not appear to be sufficiently or consistently communicated throughout DOE.*

Recommendation (continued):

- Based on the Strategic Plan (as mentioned in the Governance: Strategic Planning Finding 2 on page 68), Divisions and Offices should create more unit specific charters that detail how that unit will assist in meeting the overall educational objectives of DOE. The charters may be comprised of the following sections: mission and objective, goals, roles and responsibilities, organization structure, current staff, reporting channels, and potential key performance indicators (KPIs). The charter may also include a future state section, which may discuss high-level transition steps, staffing needs, and resource needs.

The creation of the unit specific charters may be conducted in conjuncture with other change management steps suggested in the Governance: Organizational Structure Finding 3.2 on pages 74-76, and with potential updates to the performance evaluations, such as employee specific goals, as mentioned in the Personnel Management: Performance Management findings starting on page 119.

Management Response

Current Status of Condition:

- Unlike most prior reorganizations of the Department, this change was not undertaken until more than one year into the Commissioner's tenure. As a result, it was based in large part upon the actual experience of the Commissioner and senior staff as to how the Department functioned. Stakeholders and legislators had also expressed their concerns and ideas about the Department's operations and structure during that time. In addition, the Department disagrees that the organizational structure was designed with limited input from key stakeholders at the Department as the Commissioner consulted all senior staff to gain their input on the reorganization. Finally, the Commissioner held multiple meetings with staff at the Riverview location shortly after the reorganization was adopted in order to discuss the changes and answer questions from staff.

Response to Recommendations:

- The Department agrees that multiple methods of communication should be used to inform employees and that it should be done on multiple levels, including the Divisions and Offices.
- The Department agrees that the goals and objectives of the Strategic Plan should be delineated as the responsibility of specific Divisions and Offices, with a focus on cross-division teams to ensure collaborative outcomes. That work has already begun in several areas including literacy, QSAC implementation, and school improvement.

Status:

- In process

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.2: Operational changes as a result of the reorganization have not yet been completed.

Criteria:

Organizational Chart. (See Appendix A for the current organizational structure.)

Condition:

The reorganization was recently approved in April of 2007 and the process has yet to be focused on implementing operational changes:

- No new processes or workflows were designed or created.
- Little re-allocation of people took place to ensure skill sets were matched with roles and responsibilities.
- Few people were physically moved.
- Lack of defined roles and responsibilities, except change in reporting structure.
- No required update in job descriptions to reflect new roles and responsibilities and reporting structure. Management level job descriptions were provided but were not dated. Some may have been updated based on the reorganization.
- Chief of Staff, created with the reorganization, was vacant for approximately two and a half months; the position was recently filled.

Effect:

The new organizational structure does not yet reflect actual operations of DOE's divisions and may not be successfully implemented by divisions and offices. Vacancies in high-level positions may result in a lack of leadership to transition and guide the office to effectively operate under the new structure.

Recommendation:

Effective change management techniques should be utilized when implementing organizational changes with the goal of actualizing the new organizational structure.

- Reorganize business processes to align the day-to-day operations with the reporting structure changes.
 - Processes and workflows should be examined, specifically in areas where offices were merged, eliminated, or changed.
 - All job descriptions should also be updated in accordance with the new organizational structure to reflect the new reporting structure and new roles and responsibilities and include the date they were changed.

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.2 (continued): *Operational changes as a result of the reorganization have not yet been completed.*

Recommendation (continued):

- Physically move employees to drive home the new organizational structure (within space limitations). Specifically, centralize staff within an office that was formerly two offices. For example:
 - The staff in the Office of Language Arts Literacy Education, which consists of the former Reading First and Urban Literacy program offices, should be centrally located; and
 - The staff in the Division of Early Childhood Education, which consists of the former Office of Pre-School Education and Office of K-3 Education, should be centrally located.
- Provide a forum or avenue that an employee may use if questions or concerns arise that relate to reorganization, specifically that relate to that employees roles and responsibilities, reporting lines, and potential impact to salary or benefits.
- Senior staff members should communicate DOE's goals, objectives, and policies with their divisions via email and meetings on a regular basis. Furthermore, the messages should be communicated down the organization by the various layers of management. These goals once formalized could be posted on DOE's internal website for increased communication and continual referral.

Management Response

Current Status of Condition:

- Approval of the reorganization was completed in April 2007. Since that time, the senior staff has been moving forward with identifying personnel to fill management positions in the Divisions and working through the hiring process, which involves the approval of OMB and then the State Board.
- As positions are filled within Division Offices, new workflows are being created. Assistant Commissioners have been evaluating the skill sets of staff to match them with the responsibilities of the newly defined Divisions. Job descriptions were updated to reflect these new roles and responsibilities. The Chief of Staff position was filled in June 2007, and under the reorganization, this individual will direct and manage all of the administrative functions of the Department, which is a major change from the former structure.

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.2 (continued): *Operational changes as a result of the reorganization have not yet been completed.*

Response to Recommendations:

- The Department agrees that as new personnel join the Department, workflows and assignments should be changed.
- The Department has revised the job descriptions of the positions in the new organization chart to reflect new roles and responsibilities.
- The Department has already begun the process of relocating employees to reflect the new organizational structure although some of the moves must await an assessment of office space reallocations and assignments.
- The Department agrees that there should be multiple avenues for employees to ask questions regarding the reorganization, particularly as it relates to roles and responsibilities. Working through the Chief of Staff, supervisors and staff in the Office of Human Resources will provide these communication connections.
- The Department agrees that senior staff should regularly communicate the Department's goals and objectives to staff within their respective Divisions, and that these communications must continue through the various levels of management.

Status:

- In process

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.3: The new organizational structure includes the Office of Abbott Services and Abbott Regional Offices, and it is not clear how this unit interfaces and relates to the DOE structure.

Criteria:

Organizational Chart. (See Appendix A – Organizational Chart on page 157 and Current State Overview – Organizational Structure, Recent Reorganization on page 20 for additional information on the recent organizational initiative.)

Condition:

One of the goals of the recent reorganization is to build capacity to focus on all at-risk districts in New Jersey. The reorganization was approved in April 2007 and DOE is currently in a period of transition, however, the core of this finding is the inclusion of offices in the reorganization that do not appear to be aligned with the purpose and mission of DOE and may be a duplication of efforts.

- The roles and responsibilities of the DOE Office of Abbott Services have not been clearly defined as a result of the reorganization. Supporting roles the Office of Abbott Services previously provided to the Abbott Districts are handled by other offices within DOE.
- It appears some fiscal functions are now the responsibility of the County Offices. For example, during the County Superintendent focus group, the participants mentioned that in the middle of budget season, the County Offices were asked to take over the review of the Abbott budgets from the Office of Abbott Services without being allocated Abbott Regional Office staff or training to do so.
- The roles and responsibilities of the Abbott Regional Offices have not been clearly defined as a result of the reorganization and the reorganization did not take into account the role of the Abbott Regional Offices in DOE's overall organizational structure.
- There are three Abbott Regional Managers whose roles and responsibilities have not been clearly defined since the reorganization. It is unclear how the Regional Managers will assist the County Offices with Abbott related tasks. During benchmarking, it was noted that North Carolina and Arkansas both allocated additional resources to Districts with special situations, such as Districts that were involved in an equity lawsuit. In Arkansas the Districts are divided into groups that receive additional resources, similar to the Abbott Districts. Unlike the Abbott Regional Offices, specific personnel were only assigned to these Districts temporarily; no permanent staffing positions are dedicated to these efforts, with the exception of staff people assigned to address specific issues.

Effect:

The Office of Abbott Services and the Abbott Regional Offices may be duplicating efforts of other DOE offices.

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.3 (continued): *The new organizational structure includes the Office of Abbott Services, and it is not clear how this unit interfaces and relates to the DOE structure.*

Recommendation:

DOE should consider:

- Transferring the remaining tasks of the Office of Abbott Services to other DOE or County Offices to enhance the legitimacy of QSAC as a tool to revamp NJ’s education initiatives, and align with a new funding formula. The staff may be added to County Offices that service Abbott Districts. The staff will bring specialized knowledge about Abbott rules and regulations, so that counties can timely and accurately complete the new Abbott related tasks for which they are now responsible, such as budgeting.
- Reviewing the duties of the Abbott Regional Offices and the viability of the current structure that utilizes DOE staff, County Offices, and the Abbott Regional Offices. Review where duplication of efforts may occur and consider restructuring roles and responsibilities to reduce such occurrences.

Management Response

Current Status of Condition:

- The KPMG auditors arrived immediately following the Commissioner’s announcement about the Department reorganization, which included the creation of the Division of District & School Improvement and the Office of Abbott Services. Senior staff is currently continuing the work of the Department’s redesign to ensure that the technical assistance to Abbott and all at-risk districts in New Jersey will be addressed by a coordinated and comprehensive approach which includes Abbott services as an integral part of the entire Department’s effort.

Response to Recommendations:

- The Department believes that the reorganization integrates and aligns the work of the Office of Abbott Services with the work of the County Offices and Division of District & School Improvement on NJQSAC and the Department’s other educational initiatives. The reorganization also allows the Office of Abbott Services to continue to monitor and provide technical assistance to Abbott districts on the separate and specific mandates addressed in the Abbott decisions. This change also allows for different levels of engagement with Abbott and non-Abbott districts depending upon their success in student outcomes to foster improvement wherever necessary.

Status:

- In process

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.4: *The new organizational structure includes the Katzenbach School for the Deaf, and it is not clear how this unit interfaces and relates to the DOE structure.*

Criteria:

Organizational Chart. (See Appendix A – Organizational Chart on page 157 and Current State Overview – Organizational Structure, Recent Reorganization on page 20 for additional information on the recent organizational initiative.)

Condition:

Although the reorganization was implemented in April 2007, the core of this finding is the inclusion of an entity that does not appear to be aligned with the purpose and mission of DOE. The Katzenbach School for the Deaf (“School for the Deaf”) is not part of DOE’s core mission, is not involved in DOE meetings, and is not viewed as an office within DOE. However, the school is listed on DOE’s Organizational Chart, the budget and staff payroll are within DOE, and some DOE staff perform functions for the school for the Deaf on a part-time or full-time basis.

Effect:

DOE provides resources to the School for the Deaf, which operates independently from other DOE offices and does not provide services or support towards DOE’s core mission. In addition, this relationship may possibly hinder the School for the Deaf’s ability to partner with more institutions in-line with their core mission or needs.

Recommendation:

DOE should consider evaluating the value and necessity of having the School for the Deaf within their organizational structure. If DOE concludes the structure is appropriate, DOE should involve the School for the Deaf in more decision-making opportunities as appropriate and not treat the school as a wholly autonomous unit. If DOE decides the School for the Deaf’s measures and unique skill set requirements are significantly different than DOE, then the School for the Deaf should become independent of DOE. At the time of this management review, DOE was aware of an alternate external institution that expressed interest in such a partnership, which should be pursued if determined to be appropriate.

Findings & Recommendations / Primary Governance: Organizational Structure



Finding 3.4 (continued): *The new organizational structure includes the Katzenbach School for the Deaf, and it is not clear how this unit interfaces and relates to the DOE structure.*

Management Response

Current Status of Condition:

- Pursuant to N.J.S.A. 18A:61-1 et seq, the Department is charged with the responsibility of overseeing the operations of the Marie H. Katzenbach School for the Deaf.

Response to Recommendations:

- The Department will evaluate whether alternative arrangements suggested by the audit would best meet the needs of the Katzenbach School for the Deaf. Any changes would likely need legislation.

Status:

- In process

Findings & Recommendations / Primary QSAC: Staffing



Finding 4.1: Staffing levels at DOE are not allocated to handle the additional responsibilities of QSAC implementation and execution.

Criteria:

QSAC legislation – N.J.S.A. 18A

Condition:

The current allocation of staffing may hinder DOE's ability to provide guidance and support to County Offices for the implementation of QSAC, which requires Districts to be monitored and measured in five areas: Instruction and Program, Fiscal Management, Personnel, Governance and Operations.

- No new staff have yet to be added to DOE for this express purpose of assisting with QSAC.
- Current staff must continue to execute DOE's prior District monitoring program while completing the first 3-year cycle of QSAC.
- County Offices were told that highly skilled professionals (HSPs) and Abbott Specialists would be available to assist with the implementation and execution of QSAC. However, those resources do not appear to be identified or allocated to County Offices.

The District Survey shows that 44% of the County and District staff feel they are not receiving adequate support from DOE regarding their QSAC needs. As of July 2007, the Division of Field Services currently has 14 vacancies. These were recently added to the budget and are in the process of being filled.

In addition, 47% of Districts have not identified an owner for the QSAC process that will complete or manage the completion of the DPR. Of those who responded that they had not identified an owner for QSAC, 77% felt there was no need to identify an owner.

Effect:

Inadequate staffing levels may prevent DOE from meeting mandated deadlines, such as the review of the Districts' self-assessments. Additionally, DOE may not be able to take advantage of the staff with QSAC knowledge.

Recommendation:

DOE should consider the following:

- Identify and recommend HSPs and Abbott Specialists to assist the County Offices with the communication, implementation, and execution of QSAC, specifically the review of the Districts' self-assessments. If a QSAC project team is created, as suggested in Finding 4.2 on page 83, they may help identify and recommend HSPs and Abbott Specialists.
- Staff the County Offices at a level that will provide sufficient staff to implement QSAC including filling the current vacant funded positions. Refer to the Current State Overview – Current Staffing on Page 48 and Finding 7 on Page 91.

Findings & Recommendations / Primary QSAC: Staffing



Finding 4.1 (continued): Staffing levels at DOE are not allocated to handle the additional responsibilities of QSAC implementation and execution.

Management Response

Current Status of Condition:

- The recent reorganization at the Department will ensure greater coordination of resources and services to assist the County Offices in implementing QSAC and other initiatives. During the implementation of QSAC, the County Offices will have the responsibility for reviewing and verifying the self-assessments completed by the Districts.
- The Department recognizes that the County Offices must have adequate staffing to accomplish these tasks, and the agency is working to identify qualified staff and obtain the required approvals to fill vacancies in the Division of Field Services and County Offices. The Department continues to view this as a priority. However, contrary to the statement in the Finding, the County Offices will not be expected to provide technical assistance or HSPs to Districts to assist them in implementing their improvement plans; rather, that work will be coordinated at the State level by the Division of District and School Improvement.
- Although the Finding expresses the auditors' concern that 47% of the Districts have not identified an owner for the QSAC process, it is important to recognize that QSAC will be phased-in over the next three years, and that the majority of Districts will not be implementing the new monitoring system until the 2008-09 or 2009-10 school years. The Department will work with those districts to prepare them for QSAC as they approach their phase in dates.

Response to Recommendations:

- The Department intends to assign Abbott specialists to the County Offices to assist in the review of the Districts' self-assessments. As noted above, HSPs were not intended to be used for this purpose.
- The Department is working to fill vacancies in the County Offices and Division of Field Services, and continues to view resolution of these staffing issues as a high priority.

Status:

- In process

Findings & Recommendations / Primary

QSAC: Staffing



Finding 4.2: DOE lacks an established project team to implement QSAC within the Division of Field Services.

Criteria:

QSAC legislation – N.J.S.A. 18A

Condition:

DOE established a Division of Field Services, which is tasked with supporting the County Offices in the execution of QSAC. While senior staff members from other DOE Divisions were responsible for varying sections of the QSAC implementation, within the Division of Field Services, it appears that no team dedicated to QSAC implementation and execution has been created to provide a coordinated and consistent voice regarding guidance, trainings, and policies and procedures to County Offices. Groups were formed by DPR category to assist with writing each section, however there was no one cohesive unit formed that was responsible for QSAC implementation overall.

Effect:

The lack of a defined project manager and Project Management Office (PMO) to lead the QSAC effort could result in disjointed execution of the program throughout DOE and the State.

Recommendation:

DOE should consider the following:

- Form a QSAC Project Management Office (PMO) within the Division of Field Services and identify a project manager. This team should provide consistent guidance and coordinate the development of training to County Offices on the implementation and execution of QSAC. The team should report to the Assistant Commissioner, Division of Field Services, and include a full-time project manager and a cross-functional staff. The project manager can either be reassigned or hired from outside DOE. As mentioned in Finding 4.1, 14 positions are open; four to six should be dedicated for this purpose. The QSAC project team should:
 - Coordinate the development of training courses and write guidance that will assist with implementation and execution of the current initiatives. Training will not be taught by the project team, but they should ensure it happens.
 - Once a QSAC improvement plan is established, identify and recommend HSPs and Abbott Specialists to assist the County Offices with the implementation and execution of QSAC, as suggested in Finding 4.1 on page 81.
 - Follow basic Project Management Body of Knowledge (PMBOK) guidance, such as creating a project charter, project plan, and timeline and identifying the resumes or desired skill sets of people as well as salaries.
 - Identify employees with QSAC knowledge and skill sets, then reallocate the employees, within reason and in accordance with policy and union regulations, to positions and areas that support QSAC.

Findings & Recommendations / Primary

QSAC: Staffing



Finding 4.2 (continued): *DOE lacks an established project team to implement QSAC within the Division of Field Services.*

Recommendation (continued):

- Communicate details and specifics about QSAC implementation and execution to all necessary parties. Methods of communication may include training, e-mail, telephone, meetings, memos, etc.
- Provide status updates to DOE senior management and other necessary parties.
- Develop a risk management plan and monitor the development and resolution of issues against the plan on a timely basis.

Management Response

Current Status of Condition:

- QSAC is a statewide effort, cutting through all divisions of the Department. For the first phase of QSAC, involving the review of 15 districts by teams of Highly Skilled Professionals (HSPs), the senior staff decided to hold the leadership in its own hands. The Commissioner and Assistant Commissioners have reviewed each district together and shared the data review and decision-making necessary to establish the status of each district. The Deputy Commissioner has taken leadership for the work.
- As QSAC is implemented in Level I districts in the fall, the Department plans to establish a QSAC project team in the Division of Field Services with the responsibility for overseeing and coordinating the work of the County Offices during the verification process. As part of that mission, the project team will develop guidance for the County Offices and oversee training of the County Offices and Districts.

Response to Recommendations:

- The Department intends to establish a QSAC team within the Division of Field Services with a full-time project manager and cross-functional staff. The team will be responsible for training and guidance for County Offices as part of its work in overseeing and coordinating the implementation of QSAC statewide.
- The Department agrees that specialists already in the County Office should be involved in the work of verification and program planning. The Department is currently planning to train staff in the Department to do this work.
- As procedures for implementing QSAC are established by the QSAC team, the Department intends to communicate the details and specifics to all necessary parties.

Status:

- In process

Findings & Recommendations / Primary QSAC: Process



Finding 5: *The process for implementing and executing QSAC has not been completed and fully formalized.*

Criteria:

- QSAC legislation – P.L. 2005, c. 235 & P.L. 2007, c. 16, section 39a (amended N.J.S.A. 18A:7A).
- N.J.A.C. 6A:30 – Evaluation of the Performance of School Districts (rules, effective 2/22/07).

Condition:

DOE has not completed and fully formalized the processes to implement and execute QSAC which was the result of legislation enacted in the 2005 legislative session and amended in January 2007. In accordance with the QSAC requirement, DOE has developed a set of performance indicators in a self-assessment tool known as the District Performance Review (DPR). In the spring and summer of 2006, DOE field-tested the DPR in 13 pilot Districts. Once the pilot was complete, State-operated and Level II Districts were evaluated by a team of HSPs and placed on the performance continuum by the Commissioner. Following that, a review of the remaining Districts was started and is being phased in over three years. The QSAC schedule was approved by the Division of Field Services and communicated to County Offices and then to Districts, but is subject to change.

DOE has not fully formalized policies and procedures based on the pilot program and the initial QSAC evaluations in selected Districts. County Offices may not have a clear understanding of the operational functions necessary to execute QSAC and may not be able to inform and prepare the Districts for potential operational and process changes as a result of QSAC requirements. According to the District Survey results, 57% of Districts surveyed do not feel that they have adequate information on QSAC.

DOE may not have adequate procedures in place to capture relevant information that may be used to create better processes. For example, the Districts are scheduled to complete their DPR on a 3-year cycle. In the first year approximately 200 districts will complete the DPR; however, as required by the QSAC legislation, this will include many of the lowest performing and most complex Districts. Leading practices may be difficult to identify. Data collection surrounding QSAC may be difficult as systems are not yet in place to collect the data. In addition, this schedule will likely create a back-log of improvement plans that need continuous attention from the first round of Districts. Finally, all this must be accomplished while still following the prior District monitoring program for those Districts in QSAC rounds two and three.

Effect:

Risk to DOE exists in three distinct ways regarding the lack of formal processes for QSAC. First, DOE employees may not be aware of their roles and responsibilities as it relates to the implementation of QSAC, and therefore may not complete the tasks necessary to successfully implement and support the execution of the current initiatives. According to the JAQ, only 54% of DOE employees indicated they should know about QSAC for their functional work area; of which 88% are Division Heads, 54% are Managers, and 54% are Staff.

Findings & Recommendations / Primary QSAC: Process



Finding 5 (continued): *The process for implementing and executing QSAC has not been completed and fully formalized.*

Second, if process and procedures are not formalized, there will be no documentation to ensure the implementation is consistent across all County Offices and Districts. The policies and procedures are the driver for the creation of processes. Without this information, proper planning to execute QSAC cannot take place and the current initiatives may be inconsistently implemented across DOE. DOE central office and County Office employees may send conflicting responses and answers to local Districts.

Third, DOE will not benefit from identifying leading practices that may improve the execution of QSAC. Given that QSAC is new, the process is iterative and requires the identification of leading practices be implemented and disseminated continuously.

Recommendation:

DOE management should be commended for piloting and implementing QSAC in selected Districts. Going forward, in order to effectively manage the processes surrounding QSAC, DOE should consider the following:

- Establish and document processes governing DOE's management of and involvement in the QSAC process. District Survey results indicate that 84% of respondents feel that written documentation would be useful in preparation for a QSAC review. These processes should incorporate lessons learned from the pilot program and of the first round of reviews. Documented QSAC processes should dictate participants, roles and responsibilities, workflows, document flow, process owners, and management for DOE and County Offices. The documented processes should be distributed to all applicable employees and should be posted on DOE website or intranet for future reference and use. The processes should also enable and encourage open communication between DOE and County Offices, and the County Offices and the Districts.
- A process may need to be defined to gather and disseminate leading practices with regards to improving the implementation and execution of QSAC. DOE may benefit from a coordinated effort of tracking and disseminating leading practices to the appropriate individuals.
- Update the March 2006 version of the QSAC flow chart to reflect process changes resulting from the January 2007 amendment to the QSAC legislation.

Findings & Recommendations / Primary QSAC: Process



Finding 5 (continued): *The process for implementing and executing QSAC has not been completed and fully formalized.*

Management Response

Current Status of Condition:

- At the time that this audit occurred, the Department was initiating the process of implementing QSAC statewide. From January to June 2007, teams of HSPs evaluated 15 districts. At the conclusion of these reviews, Department staff debriefed the HSPs regarding their experiences using the QSAC instruments. In addition, the Department has begun the QSAC monitoring process with other districts, including seven known as the “Bacon” districts.
- Based on those lessons learned, the Department conducted an extensive training for all County Office staff in July to explain their roles, responsibilities and procedures for reviewing the self-assessments that the first phase of Districts will complete in the fall. The Department has also scheduled three days of training in August for the Districts scheduled to begin the QSAC process in the fall. The August trainings will involve central office staff and the staff of the County Offices.
- While the Finding suggests that the first year of the QSAC phase-in would only include the lowest performing and most complex Districts, it was always the intent of the Department that the group phased in during the fall would reflect a mixture of Districts in terms of size, geography and performance. In addition, given staffing constraints, the Department has decided to reduce the number of districts to be phased in during the first year.

Response to Recommendations:

- The Department is in the process of preparing a written guidance to document QSAC processes for distribution to Department employees, County offices and the Districts. Based on the suggestions from this audit, the Department will include in this guidance the roles and responsibilities, workflows, document flow, process owners, and management for the various Divisions and Offices within the Department and the County Offices.
- The Department agrees that it is important to gather and disseminate leading practices with regards to improving the implementation and execution of QSAC. The QSAC Project Team that the Department is in the process of establishing in the Division of Field Services will coordinate these efforts.
- The Department will update the QSAC flow charts to ensure consistency with the current statutory provisions.

Status:

- In process

Findings & Recommendations / Primary QSAC: Training and Technical Assistance



Finding 6: Training and technical assistance in both the interpretation and guidance of QSAC have not been provided.

Criteria:

QSAC legislation – N.J.S.A. 18A

Condition:

DOE has not formalized courses to train DOE and County Office employees on QSAC. Most County Office employees have not received training on QSAC and consequently are not able to train the Districts on the current initiatives. According to the JAQ results, 64% of DOE employees (including the County Offices) have not been provided training pertaining to QSAC. DOE provided QSAC training to the County Offices and Districts that were involved in pilot phase of QSAC, but not to everyone. Additionally, according to the District Survey results, 75% of respondents indicated that training would be the most useful form of providing additional information on QSAC.

QSAC requires that technical assistance in the form of guidance and support be provided to a public school district to enable the public school district to meet State and Federal policy and regulatory requirements. Technical assistance may, among other things, support the teaching and learning process and overall district effectiveness. The law requires that technical assistance be provided by DOE personnel or other designees of the Commissioner as follows:

- The County Superintendent must provide technical assistance as needed to the Chief School Administrator and the committee utilized by the public school district to complete the DPR.
- When requested by the Chief School Administrator, DOE may provide the team with technical assistance needed to develop the QSAC district improvement plan.
- If the Commissioner determines that the public school district does not satisfy at least 80 percent of the weighted quality performance indicators in each of the five components of district effectiveness the Commissioner shall ensure that the public school district continues to receive appropriate technical assistance.

During interviews and focus groups, employees mentioned many of the tasks with QSAC implementation, such as training, roll-out of the DPR, and technical assistance to Districts is on hold until adequate staff have been hired at the County Office.

Findings & Recommendations / Primary QSAC: Training and Technical Assistance



Finding 6 (continued): *Training and technical assistance in both the interpretation and guidance of QSAC have not been provided.*

Effect:

Inefficiencies and inconsistencies may occur in the interpretation and execution of the current initiatives because no training is offered that provides a consistent and clear message. With QSAC, inconsistent or inadequate training may result in Districts submitting misleading DPR's or County Office staff reviewing DPR's and not having enough program and fiscal knowledge to catch issues or errors. Lack of training or knowledge on the initiatives may also foster an adversarial relationship between the County Offices and the Districts, because the Districts may view the new County Offices' role as purely oversight and no longer advisory. Technical assistance may not be available as required by law.

Recommendation:

Due to the timing of QSAC, it may not be feasible for DOE to fill the County Office positions before beginning to create training courses, roll-out DPR's, and provide technical assistance to Districts. Therefore, DOE and the QSAC project team should consider the following, even before all staff is hired at the County Offices:

- Create training courses for QSAC and provide guidance on the execution of such initiatives. For example, the training should explain QSAC, including policies and processes that the County Offices and Districts must follow as a result of the legislation. Training should also cover the DPR by section and review with Districts how to rate and complete each section. This will help ensure consistency in District ratings. DOE should determine which employees should be required to attend the courses.
- County Offices should train Districts on the current initiatives. Part of the training should include a focus on the benefits of QSAC. District Survey results indicated that 83% of total respondents feel that training by County Offices would be useful in preparation for a QSAC review.
- Technical assistance should be provided online by both the County Offices and DOE. According to the District Survey, 48% of respondents would like technical assistance from the County Offices and 29% would like technical assistance from DOE.

Findings & Recommendations / Primary QSAC: Training and Technical Assistance



Finding 6 (continued): *Training and technical assistance in both the interpretation and guidance of QSAC have not been provided.*

Management Response

Current Status of Condition:

- At the time that this audit occurred, the Department was initiating the process of implementing QSAC Statewide. From January to June 2007, teams of HSPs evaluated 15 districts. At the conclusion of these reviews, Department staff debriefed the HSPs regarding their experiences using the QSAC instruments.
- Based on those lessons learned, the Department conducted extensive training for all County Office staff in July to explain their roles, responsibilities and procedures for reviewing the self-assessments that the first phase of Districts will complete in the fall. The Department has also scheduled three days of training in August for the Districts scheduled to begin the QSAC process in the fall. The August trainings will involve central office staff and the staff of the County Offices.
- It is important to note that while QSAC requires that the Department provide technical assistance at various points during the QSAC process, not all of that technical assistance will be provided by the County Offices. The County Offices will be expected to provide technical assistance as needed to the District Chief School Administrator and committee to complete the District Performance Review. However, the other types of technical assistance cited in the Finding, including assistance in developing and implementing the district improvement plan, will be coordinated by the Division of District and School Improvement.

Response to Recommendations:

- The Department conducted training courses for QSAC and training for the current staff of the County Offices on July 19, 2007. When new staff is in place, the Department will ensure that they also receive the training.
- The Department has scheduled three days of training in August for the Districts scheduled to begin the QSAC process in the fall. The County Offices will be involved in these trainings.
- The Department will consider providing technical assistance online as suggested.

Status:

- In process

Findings & Recommendations / Primary QSAC: Communication



Finding 7: *There appears to be a lack of communication within DOE with regards to the interpretation of QSAC legislation and the related policies and procedures.*

Criteria:

QSAC legislation – N.J.S.A. 18A

Condition:

DOE may not effectively communicate or engage DOE staff or County Offices in the interpretation of the QSAC initiatives, the development of the implementation plan and timeline, or provide guidance on the execution of the initiatives. According to the JAQ results, 45% of DOE employees responded that they have not been communicated to or provided with the QSAC legislation or administrative code and that 40% of DOE employees are not familiar with the QSAC process. Based on focus groups with County Superintendents and County Business Administrators, the County Offices appear to need:

- Additional information regarding DOE’s plans to implement the current initiatives until the execution stage.
- Additional information regarding the roles and responsibilities associated with QSAC.
- Input regarding a timeline to analyze and review the DPRs.
- Assurance that extra staff will be provided to assist with the implementation of QSAC.

Effect:

DOE divisions and offices may not receive clear, consistent guidance in relation to QSAC. If the DOE divisions and offices do not receive clear guidance, they will be unable to communicate effectively to the Districts regarding QSAC.

Recommendation:

DOE should consider the following:

- Roles and responsibilities related to QSAC should be documented by the QSAC project team and communicated to DOE employees, including employees in the County Offices. Various communication methods should be used, such as email, written memos, meetings, and telephone voice mail messages, to disseminate the policy information through DOE and County Offices.

Findings & Recommendations / Primary QSAC: Communication



Finding 7 (continued): *There appears to be a lack of communication within DOE with regards to the interpretation of QSAC legislation and the related policies and procedures.*

Recommendation (continued):

- If a QSAC Project Management Office is created in the Division of Field Services, as suggested in Finding 4.2 on page 83, the team should be tasked with providing logistical and timing details to DOE and County Office employees with regards to QSAC execution.
 - A timeline should be created and distributed to DOE and County Office employees. This may be in the form of a calendar that includes all DOE deadlines for internal or external reporting, funding applications, meetings, etc.
 - Communicate the method or how each task will be performed; include who is responsible for performing such a function. Consider tasking someone on the QSAC project team with following up with DOE employees responsible for completing tasks, to ensure they are on-time and the employee has the necessary resources to complete the task.
 - Staff the County Offices at a level that will provide sufficient staff to implement QSAC including filling the current vacant funded positions. Refer to the Current State Overview – Current Staffing on Page 48 and Finding 4.1 on Page 81.

Management Response

Current Status of Condition:

- Training for staff with regard to implementation of QSAC was planned for summer 2007. That training has already begun, with staff from all of the County Offices and the Office of Abbott Services participating. The Department is working with the Governor's Office and the Office of Management and Budget to ensure that adequate staffing is provided so that the County Offices can meet the expectations of QSAC and CORE.

Response to Recommendations:

- The Department has a cross-Division project team that includes senior staff overseeing the initial implementation of QSAC. The Division of Field Services will form a project team that will oversee communications and policy dissemination throughout the Department and the field.
- The Department agrees that the Field Services project team should create a timeline for implementation and communicate with the County Offices and the field regarding the same.
- The Department agrees that adequate staffing in each of the County Offices will be critical to successful implementation of the new QSAC monitoring system and will work to ensure that staffing is provided by prioritizing the filling of these positions as it moves forward.

Status:

- In process

Findings & Recommendations / Primary

CORE: Staffing



Finding 8.1: Staffing levels at DOE are not structured or organized to handle the additional responsibilities of CORE implementation and execution.

Criteria:

- DOE is required to submit a plan to the Commissioner within one year of the enactment of the CORE legislation regarding elimination of all non-operating District's. *N.J.S.A. 18A:7-8(g) (amended P.L. 2007 c.63; 4/3/2007; Article 3, Section 49(8)(g)).*
- DOE is required to submit a plan to the Commissioner within three years of the effective date of the CORE bill to consolidate District's smaller than K-12. However, local control by voters may prevent the consolidation of school Districts. *N.J.S.A. 18A:7-8(h) (amended P.L. 2007 c.63; 4/3/2007; Article 3, Section 49(8)(h)).*

Condition:

CORE was recently signed into law on April 3, 2007. Since that time, DOE has not added or re-directed any full-time resources towards the execution of CORE. While the legislation indicates that much of the mandates within CORE will be led by the Executive County Superintendents, DOE should provide support and direction relating to the execution of these tasks.

CORE provides for several large initiatives as detailed in the Current State Overview. Specifically, it requires Executive County Superintendents to do the following tasks, including:

- Conducting a feasibility study and submitting a plan to the Commissioner within one year of the effective date of the CORE bill to eliminate approximately 23 non-operating Districts
- Conducting a feasibility study and submitting a plan to the Commissioner within three years of the effective date of the CORE bill to eliminate, consolidate, or change to K-12 Districts, which requires a referendum in each District (representing a significant portion of the State's Districts).
- Managing multiple special education initiatives, such as: real-time data tracking, regional, programmatic planning, and budgetary planning for resource realignment and reallocation.
- Managing other operational improvements, such as: joint, shared, and consolidated operations; user-friendly budgeting and approval of budgets; elimination of unnecessary laws; cooperative purchasing; coordinated transportation services.

Given the following considerations, it may not be possible for Executive County Superintendents to successfully or swiftly execute CORE without significant support and guidance from DOE:

- DOE has not added or re-directed any full-time resources to assist Executive County Superintendents with the execution of CORE, nor has DOE provided training to current County Superintendents, prospective Executive County Superintendents, or other County Office staff on the execution of CORE.
- DOE is still in the process of filling the Executive County Superintendent positions, which will continue as the DOE works to identify the most qualified potential candidates for these positions.

Findings & Recommendations / Primary

CORE: Staffing



Finding 8.1 (continued): Staffing levels at DOE are not structured or organized to handle the additional responsibilities of CORE implementation and execution.

- The Executive County Superintendent is a single resource representing multiple Districts within their jurisdiction. This resource is tasked with executing a host of other responsibilities outside of CORE, including leading the QSAC initiative, for each District within his/her County.
- The Division of Field Services, which oversees the County Offices in which the Executive County Superintendents will reside, has 14 vacancies (see Finding 4.1). These were recently added to the budget and are in the process of being filled.

Effect:

Inadequate staffing may prevent DOE from meeting key CORE mandated deadlines or successfully implementing other important initiatives that are not deadline driven, such as operational improvements. Furthermore, reliance upon the new Executive County Superintendent position to execute CORE is not reasonable given other initiatives underway at DOE and responsibilities placed on the Executive County Superintendent position.

Recommendation:

DOE central office should consider the following:

- Identify resources within the central office to develop a standard method so that the Executive County Superintendent can perform the feasibility studies for both the elimination of non-operating districts and consolidation of non K-12 districts, in a consistent and efficient manner.
- Create training courses and write guidance that will assist with implementation and execution of CORE, and that will help the county office staff work with districts productively.
- Coordinate the involvement of special education teams and the appropriate program offices to ensure that CORE mandates are met, including the real-time data tracking (with NJSMART if appropriate), programmatic planning, and budgetary planning for resource alignment and reallocation.
- Start identifying opportunities throughout New Jersey's school districts to develop join, shared and consolidated operations.

Findings & Recommendations / Primary CORE: Staffing



Finding 8.1 (continued): Staffing levels at DOE are not structured or organized to handle the additional responsibilities of CORE implementation and execution.

Management Response

Current Status of Condition:

- The Department has formed a team that includes staff from the County Offices to review the requirements of the CORE legislation and to provide a framework for its implementation through regulations. Since the Executive County Superintendents are not yet in place, the Department has been unable to begin the implementation of CORE on a statewide basis through all of the County Offices.

Response to Recommendations:

- The Department agrees that adequate staffing of County Offices is absolutely necessary for effective implementation of CORE. The Department plans to staff each County Office with four key staff at a minimum: the Executive County Superintendent, the Executive County Business Administrator, the Educational Specialist and the Child Study Supervisor. Targeted additional staffing is contemplated for counties with a larger number of school districts.
- The Division of Field Services will work with the Executive County Superintendents to develop guidelines for conducting feasibility studies for the elimination of non-operating districts and the consolidation of non-K to 12 districts.
- The Department will create training programs and provide guidance manuals to assist County Offices with the implementation and execution of CORE.

Status:

- In process

Findings & Recommendations / Primary

CORE: Staffing



Finding 8.2: DOE does not currently have the Executive County Superintendents, Executive County Business Administrators, and other staff in place to lead, guide, and support Districts with implementing CORE.

Criteria:

- DOE is required to submit a plan to the Commissioner within one year of the enactment of the CORE legislation regarding elimination of all non-operating District's. *N.J.S.A. 18A:7-8(g) (amended P.L. 2007 c.63; 4/3/2007; Article 3, Section 49(8)(g)).*
- DOE is required to submit a plan to the Commissioner within three years of the effective date of the CORE bill to consolidate District's smaller than K-12. However, local control by voters may prevent the consolidation of school Districts. *N.J.S.A. 18A:7-8(h) (amended P.L. 2007 c.63; 4/3/2007; Article 3, Section 49(8)(h)).*

Condition:

The execution of CORE is charged to the Executive County Superintendents with support from the Division of Field Services. Each County is allotted four State funded staff regardless of the complexity or size of the county. The positions include an Executive County Superintendent, an Executive Business Administrator, a Child Study Supervisor, and an Education Specialist. Some County Offices share positions between two offices.

DOE has not hired all of the Executive County Superintendents or Executive County Business Administrators. The Executive County Superintendents will not all be in place until July 2007 at the earliest. While most of these positions are currently filled by County Superintendents and County Business Administrators, the transition of these individuals to the "Executive" title with the added roles and responsibilities as defined in the CORE legislation, has not occurred. Once candidates are identified by the Commissioner, they must be recommended to and approved by the Governor and State Senate.

After the Executive County Superintendents are in place, they must perform a feasibility study to determine the means to accomplish the consolidation and dissolution of Districts and to recommend a process for such action. It is not clear that even if the July 2007 deadline for hiring the Executive County Superintendents is met, that they will have enough time to perform a feasibility study and prepare recommendations. In addition, they must continue to complete DOE's prior District monitoring program while becoming acclimated and executing QSAC in the first 3-year cycle.

Effect:

The County Offices may not meet key CORE mandated deadlines regarding the dissolution and consolidation of Districts. In addition, the dissolution and consolidation process may not be managed sufficiently due to time constraints or external pressures, which may result in further risk and exposure to DOE.

Findings & Recommendations / Primary CORE: Staffing



Finding 8.2 (continued): *DOE does not currently have the Executive County Superintendents, Executive County Business Administrators, and other staff in place to lead, guide, and support Districts with implementing CORE.*

Recommendation:

DOE should consider the following:

- Work with the Governor’s Office, DOP, and OMB to accelerate the identification, hiring, and approval of Executive County Superintendents to help expedite the current initiatives.
- Identify county staffing needs to support the CORE efforts and provide that information to the CORE project team. The additional county staffing requests should be based on the current skill sets within the offices and the size and complexity of the Districts within each county.
- Prioritize the hiring and appointment of individuals to County Office positions including 21 Executive County Superintendents, 21 Executive County Business Administrators, 21 Educational Specialists, and 21 Child Study Supervisors. Fill the existing vacant and shared positions to ensure each County at a minimum has an Executive County Superintendent, Executive County Business Administrator, Child Study Supervisor, and Education Specialist. Assuming all interim positions are maintained or solidified, DOE may consider hiring the following number of positions to eliminate vacancies and sharing positions in key County Office positions (See Current State – County Staffing Levels on pages 48 – 51, for current staffing levels, vacancies, and the number of Districts by County.):
 - County Superintendents – 10 vacancies
 - Business Administrators – 6 vacancies, 4 shared positions
 - Child Study Supervisors – 2 vacancy, 5 shared positions
 - Education Specialists – 3 vacancies
- DOE should complete the screening process and have interviewed all current County Superintendents as soon as possible. Some applicants have already been notified that they are being recommended for Commissioner’s approval. Applicants will then be forwarded from the Commissioner to the Governor, recommended by the Governor to the Senate, and must be approved with the advice and consent of the Senate. DOE has advertised for outside applicants to fill other positions. While DOE awaits gubernatorial and Senate approval on the recommended candidates, and searches for outside applicants for the remaining positions, all Executive County Superintendent positions will remain vacant.
- DOE management indicated that 14 additional staff positions are budgeted to counties with large populations, a number of Districts, and Districts with complex issues. The additional staff will be dedicated to a specific county, but may have to support another county depending on workload. The effort to allocate and hire these resources should be a collaboration between the Commissioner’s Office, Division of Fields Services, the QSAC project team, and DOP. The allocation of this staff should be based on the workload, size and complexity of each county, as suggested and supported by County Superintendents in a focus group conducted.

Findings & Recommendations / Primary CORE: Staffing



Finding 8.2 (continued): *DOE does not currently have the Executive County Superintendents, Executive County Business Administrators, and other staff in place to lead, guide, and support Districts with implementing CORE.*

Recommendation (continued):

- Size – Future staffing decisions, should take the size of counties, including geographic span and the number of Districts within each county, into consideration. At a minimum, staff should be added to the seven counties that carry over 52% of District responsibilities.
- Complexity – Additionally, staffing allocations should consider the complexity of the county, including counties that contain Abbott, Level II, State-Operated (Level III), District In Need of Improvement (DINI).

Management Response

Current Status of Condition:

- The Department is currently working with the Governor's Office to complete the process of hiring the Executive County Superintendents. All of these recommendations will also need to be submitted by the Governor to the State Senate for confirmation as required by law. The Department expects that the list of recommendations will soon be finalized.

Response to Recommendations:

- The Department is working with the Governor's Office and Office of Management and Budget to move forward with the hiring and approval of the Executive County Superintendents.
- The Department agrees that additional County Office staffing should be determined after an assessment of the current skill sets within the offices and the size and complexity of the Districts within each county.
- The Department agrees that each County Office must be staffed with four key staff at a minimum: the Executive County Superintendent, the Executive County Business Administrator, the Educational Specialist and the Child Study Supervisor. These positions should be the first to be filled.
- The hiring and staffing assessment remains a top priority and an absolute necessity if the County Offices are to begin timely implementation of CORE.

Status:

- In process

Findings & Recommendations / Primary

CORE: Staffing



Finding 8.3: DOE has not established a project team to implement CORE.

Criteria:

CORE legislation – A4 and A5

Condition:

DOE tasked the Special Assistant to the Commissioner with the implementation and execution of CORE; however, it appears that no team dedicated to CORE implementation and execution has been created to assist the Special Assistant to the Commissioner with providing a coordinated and consistent voice regarding guidance, trainings, and policies and procedures to DOE and County Offices.

Effect:

The lack of a defined team to lead the CORE effort could result in disjointed execution of the program throughout DOE and the State.

Recommendation:

DOE should consider the following:

- Form a CORE project team led by the Special Assistant to the Commissioner. This team should provide consistent guidance and training to DOE and County Offices on the implementation and execution of CORE. The team should include a cross-functional staff. The CORE project team should:
 - Ensure and monitor the development of training courses and write guidance that will assist with implementation and execution of the current initiatives. Training will not be taught by the project team, but they should ensure it happens.
 - Identify and recommend staff to fill positions at the County Offices, as suggested in CORE: Staffing Finding 8.2 on page 97.
 - Assist the County Offices with feasibility studies around the consolidation and dissolution of Districts.
 - Develop a risk management plan and monitor the development and resolution of issues against the plan on a timely basis.
 - Follow basic PMBOK guidance, such as:
 - Create a project charter, project plan, and timeline.
 - Identify the resumes or desired skill sets of people as well as salaries.
 - Communicate details and specifics about CORE implementation and execution to all necessary parties. Methods of communication may include training, e-mail, telephone, meetings, memos, etc.
 - Provide status updates to DOE senior management and other necessary parties.

Findings & Recommendations / Primary

CORE: Staffing



Finding 8.3 (continued): *DOE has not established a project team to implement CORE.*

Management Response

Current Status of Condition:

- The Department believes that the appropriate implementation of CORE will require two teams: the first team must shape the development of the regulations, and the second team must shape the expectations for implementation. A team to develop regulations has already been formed and has begun its work. The implementation team is not yet created. The Special Assistant to the Commissioner will continue to work with the Assistant Commissioner for the Division of Field Services on the implementation of CORE.

Response to Recommendations:

- The Department has already formed a project team that is led by the Special Assistant to the Commissioner to develop the regulations that will be promulgated by the Department to provide the framework for CORE implementation.
- The Department agrees that a project team should be formed to lead CORE implementation. This team, which will also be led by the Special Assistant to the Commissioner, will provide consistent guidance and training on the implementation and execution of CORE.
- The Department believes that operations planning must await the appointment of the Executive County Superintendents as their input will be critical to that process.

Status:

- In process

Findings & Recommendations / Primary CORE: Process



Finding 9: The process for implementing and executing CORE has not been completed and fully formalized.

Criteria:

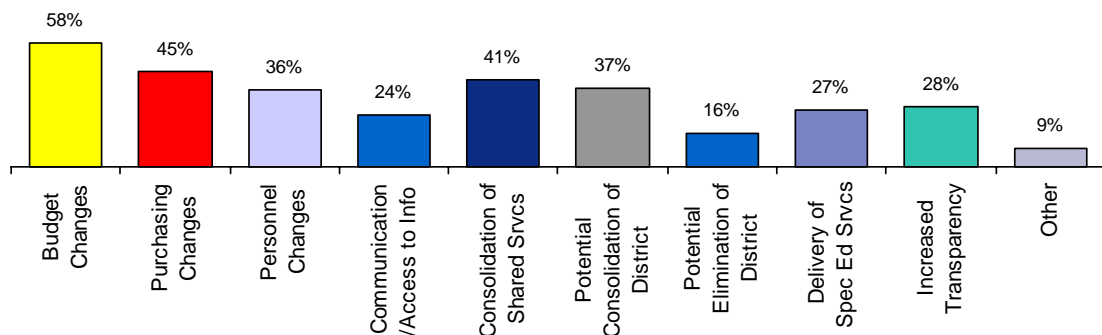
CORE legislation – A4 and A5

Condition:

DOE has not formalized processes for implementing the CORE legislation. This is partially due to the limited amount of time they have had to develop an implementation plan as CORE was recently passed in April 2007. DOE has also had competing priorities, in terms of resources and timing, especially relating to QSAC which has hindered DOE's focus on the logistics of CORE implementation. At this time, DOE had also received approval for a department-wide re-organization, which may have slowed DOE's response in allocating new responsibilities among staff.

The CORE legislation includes several initiatives as outlined in the Current State section on Page 25. The first step in the process of implementing CORE is to hire the Executive County Superintendents, who will then be tasked with executing many of the CORE processes. DOE is currently in the screening process and some applicants have already been notified that they are being recommended for Commissioner's approval. They will then be recommended to the Governor's Office and DOP, with the advice and consent of the Senate. The Division of Field Services anticipates completion of this process by July 2007.

According to the District Survey, the respondents felt CORE will affect their District by:



Effect:

Risk to DOE exists in three distinct ways regarding the lack of formal processes for CORE:

- DOE employees may not be aware of their roles and responsibilities as it relates to the implementation of CORE, and therefore may not complete the tasks necessary to successfully implement and support the execution of the current initiatives.

Findings & Recommendations / Primary

CORE: Process



Finding 9 (continued): *The process for implementing and executing CORE has not been completed and fully formalized.*

- No documentation to ensure the implementation is consistent across all County Offices and Districts. The policies and procedures are the driver for the creation of processes. Without this information, proper planning to execute CORE cannot take place and the current initiatives may be inconsistently implemented across DOE. DOE employees may send conflicting responses and answers to County Offices, and therefore, local Districts.
- No benefit from identifying leading practices that may improve the execution of CORE. Given that CORE is new, the process is iterative and requires the identification of leading practices to be implemented continuously.

Recommendations:

In order to effectively manage the processes surrounding CORE, DOE should consider the following:

- Establish and document processes governing DOE's management of and involvement in the CORE process. Documented CORE processes should dictate participants, roles and responsibilities, workflows, document flow, process owners, and management for DOE and County Offices. The documented processes should be distributed to all applicable employees and should be posted on DOE website or intranet for future reference and use. The processes should also enable and encourage open communication between DOE and County Offices, and the County Offices and the Districts.
- Finalize the hiring of the Executive County Superintendents under CORE and consider defining their new roles with formalized processes and procedures, including the way they interact and communicate with DOE and Districts.
- If a CORE project team is created, as suggested in Finding 8.3 on page 99, they should develop the methodology for the feasibility study, prior to or during the hiring of the Executive County Superintendents.
- A process may need to be defined to gather and disseminate leading practices with regards to improving the implementation and execution of CORE. DOE may benefit from a coordinated effort of tracking and disseminating leading practices to the appropriate individuals.

Findings & Recommendations / Primary CORE: Process



Finding 9 (continued): *The process for implementing and executing CORE has not been completed and fully formalized.*

Management Response

Current Status of Condition:

- The Department is currently drafting regulations that will guide the implementation of CORE. Recognizing the effect of timing on implementation, the Legislature gave the Department emergency rule-making authority for the first year of implementation. It is expected that regulations will be completed by September 2007.
- The process for appointing the Executive County Superintendents is already underway, which will also impact the Department's ability to begin timely implementation of this initiative. Training will be done after the Executive County Superintendent positions have been filled.

Response to Recommendations:

- The Department agrees that since CORE vastly changes the operations of the County Offices and their interaction with local school districts, clear processes and procedures for implementation must be established and communicated to staff both in Trenton and throughout the County Offices and local districts. The Department intends to use the newly-created Division of Field Services to serve as the primary vehicle for communication between the Department and the county offices.
- The Department agrees that once the Executive County Superintendents are hired, their clearly defined roles need to be communicated to them.
- The Department will utilize the CORE implementation project team to guide this work, including the development of a methodology for the consolidation feasibility studies that will be required for districts throughout the State.
- The Department is not aware of any other State that has sought to consolidate the number of districts contemplated by the CORE legislation (i.e. by eventually eliminating all districts that are not P-12 or K-12), but the Department agrees that it will seek to gather best practices that can guide both the consolidation efforts as well as the other elements of CORE.

Status:

- In process

Findings & Recommendations / Primary CORE: Training and Technical Assistance



Finding 10: *Training and technical assistance in both the interpretation and guidance of CORE have not been provided.*

Criteria:

CORE legislation – A4 and A5

Condition:

DOE has not formalized courses to train DOE and County Office employees on CORE. However, it should be noted that CORE only became effective in April 2007. County Office employees have not received training or technical assistance on CORE and consequently are not able to train the Districts on the current initiatives. According to the District Survey, 49% of respondents would like online technical assistance from the County Offices and 38% would like online technical assistance from DOE.

Effect:

Inefficiencies and inconsistencies may occur in the interpretation and execution of the current initiatives because no training is offered that provides a consistent and clear message.

Recommendation:

DOE should consider the following:

- Create training courses that explain CORE and provide guidance on the execution of such initiatives. Require all DOE employees to attend the courses.
- County Offices should train Districts on the current initiatives. Part of the training should include a focus on the benefits of CORE.
- Technical assistance should be provided online by both the County Offices and DOE.

Management Response

Current Status of Condition:

- The Department is currently developing the regulations that will guide the implementation of CORE. Training will be provided to Department employees and local school districts once the regulations and implementation plan are completed.

Response to Recommendations:

- The Department agrees that training for its employees and those in local school districts is critical for the successful implementation of CORE.
- The Department agrees that the training should include a focus on the benefits (both educational and fiscal) of CORE, and that the county offices should be the primary means of delivering training

Findings & Recommendations / Primary CORE: Training and Technical Assistance



Finding 10 (continued): *Training and technical assistance in both the interpretation and guidance of CORE have not been provided.*

Response to Recommendations (continued):

- The Department agrees that technical assistance should be provided to Districts, should be ongoing, and should also be available online.

Status:

- In process

Findings & Recommendations / Primary

CORE: Communication



Finding 11: *There appears to be a lack of communication within DOE with regards to the interpretation of CORE legislation and the related policies and procedures.*

Criteria:

CORE legislation – N.J.S.18A

Condition:

Communication within DOE – DOE may not effectively communicate or engage the staff or the County Offices in the interpretation of the CORE initiatives, the development of the implementation plan and timeline, or provide guidance on the execution of the initiatives. Based on focus groups with County Superintendents and County Business Administrators, the County Offices appear to need:

- Additional information regarding DOE’s plans to implement the current initiatives until the execution stage.
- Additional information regarding the roles and responsibilities associated with CORE.

Effect:

DOE divisions and offices may not receive clear, consistent guidance in relation to CORE. DOE may also not meet key roll-out deadlines, if DOE is unable to communicate sound processes to County Offices and Districts that dictate timelines, reporting structure, and workflows for CORE and DOE involvement.

Recommendation:

DOE should consider the following:

- Roles and responsibilities related to CORE should be documented and communicated amongst DOE leadership and across DOE units. Various communication methods should be used, such as email, written memos, meetings, and telephone messages, to disseminate the policy information through DOE and at the District level.

Management Response

Current Status of Condition:

- At the time that this audit occurred (one month after enactment of the CORE legislation), the Department had not yet begun to communicate with or engage the staff or the County Offices in the implementation of the CORE initiatives. Since that time, the Department has formed a team comprised of central office and County Office staff that has begun to develop regulations, guidelines and processes for implementation of CORE.

Findings & Recommendations / Primary

CORE: Communication



Finding 11 (continued): *There appears to be a lack of communication within DOE with regards to the interpretation of CORE legislation and the related policies and procedures.*

Response to Recommendations:

- The Department agrees that the roles and responsibilities related to CORE implementation should be documented and communicated amongst Department leadership and across Department units. The Department has begun to develop regulations, guidelines and processes for implementing CORE. When these are finalized, they will be communicated to all staff.

Status:

- In process

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12: DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.

Criteria:

Financial Accounting for New Jersey School Districts, The Audit Program 2005-06.

State of New Jersey Department of Education, State Aid / Grants Compliance Supplement 2005-06.

Condition:

DOE is responsible for providing oversight and monitoring to the 616 school Districts throughout the state. Oversight and monitoring focuses both on the programmatic and curriculum aspects of education, and the operations of Districts, including the expenditure of State and Federal monies, which is the focus of this finding. As previous findings articulate, DOE's approach to monitoring is going to change vis-à-vis QSAC and CORE. The actual process of providing oversight will be the responsibility of many units throughout the department, including but not limited to program offices, the Office of Grants Management ("OGM"), the Division of Finance, the Division of Field Services via the County Offices, and the Office of Fiscal Accountability and Compliance ("OFAC"). OFAC is a newly created Office resulting from the recent reorganization. It combined multiple units to provide the necessary oversight of compliance, monitoring, and auditing activities throughout DOE in a centralized and coordinated manner. OFAC has multiple internal units, which are responsible for a variety of critical functions, including:

- *Internal Audit* – reviews for compliance of specific grants as mandated by law, every three (3) years; point of contact for external auditors; and performs four to five specific audits a year (cash receipts, state suggestion award program, open public record act, student transportation).
- *State Aid Audit* – performs direct audits of enrollment data on the applications for state school aid (ASSA) and District report of transport resident students (DRTRS), applications for extraordinary aid for special education, and audits preschool expansion aid payments.
- *Investigations* – conducts investigations related to DOE, County, and District employees. Investigations may include: grade tampering, misuse of funds, uncertified teachers, inappropriate procurement/bidding procedures, missing funds in District accounts, background investigations, complaints against day care providers, and complaints about School Board members.
- *Criminal History* – performs fingerprinting and background checks for DOE, County, District, and Transportation employees.
- *Single / Grants Audit* – performs desk reviews of District's OMB A-133 single audits to provide a check of recipient's use of Federal Title I grant funds.

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12 (continued): *DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.*

Condition (continued):

DOE is commended for establishing OFAC to centralize and coordinate monitoring; however, it appears that the department does not have the adequate people, processes and technology in place to help ensure that monitoring activities are coordinated across the several offices who continue to have a role in monitoring Districts. Specifically:

- People:
 - Within OFAC a significant number of personnel who are responsible for performing auditing and compliance activities are “per diem” employees. Per diem employees are contract workers and, annually, the director of the department must ensure that budget funds are available to maintain adequate staff levels. The risk exists that OFAC may not be able to complete a significant portion of its responsibilities should these resources be lost.
 - The State Aid Audit Unit (SAAU) performs audits on the ASSA on a sample basis and these audits are also required to be performed by a District's external auditors on an annual basis. SAAU has (8) FTEs, including (1) manager and (7) auditors. According to the SAAU manager, (5) of (7) auditors were assigned in 2000 to perform 50 ASSA audits annually. Over a five-year period this projected to approximately 250 applications or 40% of all Districts. Recently, SAAU was tasked with auditing 31 Abbott Preschool applications and conducting separate audits of Applications for Extraordinary Aid for Special Education (EXAID), which has significantly decreased the number of ASSA applications which are able to be audited on an annual basis. In the future, the SAAU plans to audit 60 applications or approximately 11% of District applications per year. Although this unit is unique in that its audits cover 100% of the ASSA when reviewed (while external auditors review a sample of information on the ASSA), the SAAU audit is the only means by which DOE will substantiate any need to adjust or request State funds from Districts if the ASSA is incorrect. The risk exists that either this unit does not possess the amount of resources appropriate to sufficiently or meaningfully perform this function, or it is duplicating efforts already performed by external auditors or program offices.
- Process:
 - OFAC is performing A-133 audit desk reviews of Title I Federal grant funds. In the coming year, program offices are going to begin monitoring Districts expenditure of Federal grant money against program rules; however, the process has yet to be codified and only a general timeline could be provided. Further, the interaction between OFAC, where DOE's goal is to centralize these activities, OGM, who is responsible for reviewing grant applications and grant expenditure reports, and program offices appears to be lacking.

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12 (continued): *DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.*

Condition (continued):

- District Corrective Action Plans (CAP) are tracked, however, a lack of follow-up and monitoring appears to be taking place; furthermore, it was indicated that responsibility for CAP follow-up resides with County Offices – this may be difficult when faced with also reviewing the DPR as part of QSAC and executing the components of CORE.
- Technology:
 - The database administration contract for criminal history expired 6/30/07. We understand that OFAC has recently hired an individual to maintain the database and extended the contract to 12/31/07. In the future, the database application will be increasingly difficult to support and one person will be responsible for maintaining it.
 - Although OFAC tracks compliance and monitoring activities in Microsoft Excel and/or Access, this is internal only and does not capture the activities across DOE that involve a compliance and monitoring function, particularly from an audit function (versus a pre-approval review function). Further, MS Excel and Access are not ideal tools to maintain a comprehensive list of activities and perform trend analysis to determine higher risk areas in DOE. Finally, the databases and spreadsheets are maintained separately among the units and are not centralized so as to allow analysis or stratification from a singular, functional perspective.

Effect:

Risk exists that the audit, compliance, and monitoring function is not providing oversight necessary to help ensure that DOE is effectively managing District's functions, particularly when it comes to expenditure of Federal grant funds, State funds and Abbott funding, and performing the necessary investigations and background checks of employees that are the function of OFAC.

Recommendation:

DOE has already taken a positive first step to improve compliance and monitoring activities by establishing OFAC as a centralized office to coordinate such activity. To further improve DOE should consider the following:

- OFAC's use of per diem employees should be analyzed. While it provides some flexibility with respect to maintaining adequate staff, it is reasonable to assume that compliance and monitoring activities will increase in the future – and should be coordinated through a centralized function like OFAC – therefore, use of part-time or short-term employees is problematic. DOE should consider assigning some of the vacant, funded positions to OFAC to increase its ability to monitor Districts.

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12 (continued): *DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.*

Recommendation (continued):

- The role of SAAU should be evaluated by management. While SAAU is performing detailed review of the Application for State School Aid (ASSA) and the District Report of Transported Resident Students (DRTRS) it appears that activities are either (a) not sufficient in light of the fact that only approximately 50 Districts are reviewed annually, or once every twelve years, or (b) a duplication of efforts given that external auditors are performing a sampling of all Districts annually, and that ASSAs and DRTRSs go through approval processes at other DOE units. Results of this evaluation may result in a recommendation to re-allocate more staff to this function in order to make it meaningful, or to re-assign SAAU staff to higher impact areas.
- Determine what unit within DOE has responsibility for tracking and ensuring the CAPs are followed by Districts throughout the state. We do not recommend this function falls to County Offices given current staffing and significant responsibilities in executing QSAC and CORE. Further, DOE may wish to align the CAP with the results of the DPR.
- Program offices, OFAC, OGM, and the Division of Fiscal Services should develop a protocol and method to provide effective on-going grant monitoring in a coordinated or unified manner (see Finding 19 for more detail).
- Research and implement an effective off-the-shelf auditing software to help coordinate and track audit, compliance and monitoring activities; all divisions within DOE and units within OFAC should be required to utilize such integrated software. Management should review contents and organize, review, and stratify data and results for useful analysis, planning and decisions.
- Conduct root-cause analysis of audit findings to identify trends in the locations, types, and frequency of findings and utilize the analysis to improve audit plans going forward, and develop training to offer to District's and Schools to help mitigate higher risk areas identified in the audits.

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12 (continued): *DOE’s compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.*

Management Response

Current Status of Condition:

- As noted in the finding, the recently-established Office of Fiscal Accountability and Compliance (OFAC) combined all the Department’s auditing and investigating functions within one unit. Staff continues to work toward successfully integrating all of those functions.
- OFAC is in the process of converting seven per diem employees to full-time status and has hired a technical person to maintain the criminal history database. By hiring this individual, OFAC will not require a private vendor to maintain the database and will now have the support of the State Office of Information Technology (OIT) and the Department’s Office of Technology for such programs as the Department’s computers, network system, storage servers and software issues. This support was limited when the Department was under contract with the private vendor. This is significant because this programmer/analyst will be able to share his application expertise with other OE&IT members. So, over time more than one member of OE&IT will have the capability to maintain and support the database.
- The Department has developed a proposal to create a new audit unit to perform follow-up reviews of the KPMG audits of the Abbott Districts. This unit will also be able to coordinate and perform follow-up reviews of CAPs for other units of OFAC.
- State Aid Audit Unit’s (SAAU) annual work plan is now significantly affected by the need to focus on Preschool Expansion Aid (PSEA) enrollment audits at every Abbott District each year. As directly verified by annual SAAU PSEA enrollment audits, the following amounts were withheld from State Aid (PSEA) payable to all of the 31 Abbott Districts:

FY 2004-2005	\$45,442,390
FY 2005-2006	\$30,861,136
FY 2006-2007	\$44,128,591

- The KPMG finding did not acknowledge the above amount of State Aid that was withheld from the 31 Abbott Districts over the past three years, as a result of the SAAU audits and ignores this important role of OFAC in assisting other Offices in the Department to ensure efficiency in the Abbott Districts.

Findings & Recommendations / Primary Compliance and Monitoring



Finding 12 (continued): *DOE's compliance monitoring activities are impacted by a lack of people, processes, and technology. Further, it appears coordination across units performing compliance and monitoring activities is lacking.*

Current Status of Condition (continued):


- The Department disagrees with the KPMG finding that SAAU duplicates the work of the Districts' external auditors that perform a sampling of all Districts annually for ASSA and DRTRS audits. The external audit samples are inadequate for purposes of adjusting State Aid payments because SAAU cannot control the accuracy of those audit findings. Also, duplication of effort by the Office of School Funding and Office of School Transportation does not occur because these offices only collect enrollment data; SAAU verifies the data.
- The Department disagrees with the KPMG description of the responsibilities and process in the Single Grants Audit Unit. The unit oversees the Department's compliance with the Single Audit Act through the collection and desk review of Comprehensive Annual Financial Reports (CAFR) for all school districts and through federal review of the Single Audit on an annual basis by KPMG, conducts fiscal monitorings of various Private Schools for the Disabled, and performs fiscal audits of NCLB Title 1 grants. The unit continues to work with the Title 1 program office and the Office of Grants Management to improve the monitoring of school districts.

Response to Recommendations:

- The Department will continue its efforts to allocate some of the vacant, funded positions within the Department to auditing and compliance activities.
- The Department disagrees with the recommendation that the role of SAAU should be evaluated by management based on the information noted above.
- As noted above, the Department has developed a proposal to create a new audit unit to perform follow-up reviews of the KPMG audits of the Abbott Districts. This unit can also coordinate and perform follow-up reviews of CAPs for other units.
- The Department agrees that OFAC, OGM, and the Division of Fiscal Services will devise a method to provide effective grant monitoring on an ongoing basis in a coordinated manner.
- The Department will continue to work with the Office of Information and Educational Technology to research and implement effective, off-the-shelf auditing software to help coordinate and track audit, compliance and monitoring activities.
- The Department will continue to expand upon the analysis of audit findings to identify trends and improve audit plans, as well as research developing training sessions for school districts.

Status:

- In process



**Secondary
Findings and
Recommendations**

Findings & Recommendations / Secondary Personnel Management: DOE Staffing Levels



Finding 13: Current personnel allocations within DOE may not support the roles and responsibilities of the Divisions or Offices.

Criteria:

New Jersey State Department of Personnel (DOP) staffing regulations and process (see Current State Overview – Current Staffing for more information).

Current DOE organization and staffing structure (see Appendix A for a DOE organization chart).

Condition:

The current allocation of staffing may not be appropriate in order to ensure adequate support is available to DOE Divisions and Offices. Although the perception of a lack of staff is evident at DOE; according to the JAQ results, 73% of respondents indicated that DOE does not have enough resources in place; we noted several conditions that indicate that current resources may not be maximized to the fullest extent (see bulleted list below). In addition, there were several data collection issues encountered during the performance audit when trying to determine the number of DOE employees. These issues, including differences between multiple data sets maintained in separate systems at DOE, resulted in an inaccurate reporting of the actual number of DOE staff (refer to Finding 22, Page 152 for more information). In addition to the difficulty trying to identify the current number of staff, we note the following:

- Adding new positions may be not a viable option for DOE based on the current budgetary constraints and hiring freezes in the State of New Jersey.
- Adding new positions in a personnel management environment that presents challenges may be ill advised, pointing to issues discussed in this report such as difficulty attracting well-qualified candidates (based on pay inequities), a lack of training, and a lack of an effective performance management system.
- Adding new positions into an organization that has not yet re-allocated positions based on current priorities may be premature, as a re-allocation of current resources may alleviate the need for new positions.
- Adding new positions into an organization that was recently re-organized, but has not yet completed the full transformation relating to work processes, physical movement of staff, and re-allocation of staff may be premature, as completing such critical tasks may alleviate the need for new positions.
- A need for new positions may not exist, as DOE appears to have 44 state-funded vacant positions, and 40 Federally-funded vacation positions (see Current State). Filling these vacancies, coupled with a re-allocation of staff to address priorities initiatives, may alleviate the need for new positions.
- The JAQ results also indicate that there may be room for certain enhancements that could better utilize current staffing, such as:
 - 16% of respondent's indicated that there is a duplication of effort within their office or functional area. Response rates were highest for clerical support, of which 28% responded affirmatively to this question. Responses suggest that there is a duplication of efforts, underutilization of support staff, or too many support staff.

Findings & Recommendations / Secondary Personnel Management: DOE Staffing Levels



Finding 13 (continued): Current personnel allocations within DOE may not support the roles and responsibilities of the Divisions or Offices.

- 58% of respondents indicated that they do not have adequate resources to effectively perform their job, such as support staff and technology. Responses were nearly even for varying levels of employees, including: management (62%), staff (59%) and Division Heads (58%). Responses suggest that improvements to the underlying infrastructure and tools.
- 33% of respondents indicated that there are manual tasks they perform that could be automated, which may improve efficiencies.
- 27% of respondents indicated that there are tasks which they perform which may be considered unnecessary. Elimination of these tasks may also improve efficiencies in other areas of their daily job. These activities would need to be evaluated by management before elimination in order to determine whether or not they are actually unnecessary.
- Finally, based on Benchmarking results, DOE's staffing appears to be comparable to that of other states benchmarked. Massachusetts is the State most closely aligned with New Jersey in terms of number of employees per District. The following table is a comparison of DOE compares to the other states benchmarked:

Statistics	Arkansas	Kentucky	Massachusetts	North Carolina	New Jersey
DOE Staff	444	400	510	605	690
Number of Districts	245	175	389	115	615
Emp. to District Ratio	1.8 to 1	2.3 to 1	1.3 to 1	5.3 to 1	1.1 to 1
Number of Students	463,922	664,606	968,661	1,369,493	1,387,963
Emp. to Student Ratio	1 to 1,045	1 to 1,162	1 to 1,900	1 to 2,264	1 to 2,011

Effect:

First, DOE Divisions and Offices may not be operating as efficiently or effectively given the current personnel environment within the organization. Consequently, current staff may not be able to meet the needs of the current, priority initiatives at DOE and have difficulty meeting needs that may be added in the future. Second, the current environment also does not appear optimal to bring in increased staff, with the exception of providing oversight and executing CORE and QSAC at the County Offices (see Findings 4.1 and 8.1). Third, a perception that additional staff will improve the environment can prove false if technology, business processes, resource allocations and procedures are not changed to reflect the current needs of DOE. Fourth, the addition of new staff may only exacerbate the findings we note related to personnel, including performance management, training, compensation, and tracking employee data. Finally, the existence of State and Federal funded vacancies is inefficient and may put DOE at risk to lose these positions or the funding for these positions.

Findings & Recommendations / Secondary Personnel Management: DOE Staffing Levels



Finding 13 (continued): *Current personnel allocations within DOE may not support the roles and responsibilities of the Divisions or Offices.*

Recommendation:

The majority of DOE management indicated in interviews that more staff are necessary in order to achieve desired tasks, which is an understandable mindset considering the work involved at all levels of the organization, including new initiatives. However, due to budget limitations and hiring constraints, the option of hiring new staff may not be viable. One of the goals of this recommendation is to help DOE achieve more productivity with either the same number of employees, resulting in better distribution and allocation of work across the population, or make targeted additions based on the identification of significant staffing needs. DOE may consider the following when reviewing current staffing levels:

- Review current roles and responsibilities for each staff person as well as that person's skill sets and abilities and re-allocate staff based on new priorities based on the goals and objectives outlined in the Strategic Plan. The review may entail verification that all job descriptions are up-to-date and documented, tie to performance evaluations, and are aligned with their office, division, and DOE's goals and objectives.
- Analyze and redesign processes based on new organizational structure which may include:
 - Updating current personnel policies to allow more flexibility in hiring and evaluating staff in order to ready the environment for additional positions if necessary; and
 - Providing general guidelines and instructions to DOE management with regards to defining staff roles and responsibilities and evaluating staff skill sets.
- Automate where possible including the time/payroll tracking system and reporting.
- Work with DOE management to eliminate duplication of efforts and encourage cross-unit communication and assistance.
- Increase training to better equip employees to handle current job responsibilities in a more efficient and effective manner and do not assign any new responsibilities without training the employees on how to complete them.
- Fill the 44 state-funded vacant positions and 40 Federally-funded vacation positions.

Lastly, please refer to a discussion of staffing at the County Office level, with specific respect to the QSAC (Finding 4.2) and CORE initiatives (Finding 8.2).

Findings & Recommendations / Secondary Personnel Management: DOE Staffing Levels



Finding 13 (continued): *Current personnel allocations within DOE may not support the roles and responsibilities of the Divisions or Offices.*

Management Response

Current Status of Condition:

- As noted throughout this report, the Department continues to implement its reorganization plan. It is anticipated that the reorganization effort will be completed in September 2007. At this time, it cannot be determined if there will be a need to request additional positions beyond the current vacancies that remain unfilled. It is also important to note that the vacancies mentioned in the report include County Superintendent positions. The current roles and responsibilities of existing staff have been and will continue to be evaluated based on the Department's reorganization effort as current and new roles are defined within new initiatives such as CORE and QSAC.

Response to Recommendations:

- Like all Departments in New Jersey, the Department of Education is committed to working within the confines of the Governor's hiring freeze by focusing its efforts on the efficient reallocation of staff to effectively address the Department's initiatives especially as they relate to CORE and QSAC.
- The Offices of Administration & Human Resources, State Budget & Accounting and Educational and Information Technology are in the initial stages of procuring a new automated time keeping system, called e-Cats. This automated timekeeping system is currently being used by other State departments and agencies, but will be tailored to meet the needs of the Department. The Department has completed the initial needs assessment sessions with the contracted State vendor and currently awaits the next directive in the procurement from the State Office of Information Technology.
- The members of the Department's senior staff have begun to identify the staffing deficiencies in their divisions and are working with the Chief of Staff, the Offices of Administration and Human Resources and State Budget and Accounting.
- The Department has unveiled an initiative from the Governor's Office that will address the need for mandatory, regulatory and staff development training statewide. As a result of this initiative, the Training Advisory Council has been established which includes members from every State department/agency. Subgroups called Communities of Practice have been established to address the following training issues: NJ Enterprise-wide Learning Management Systems; Supervisory, Leadership and Management training; and the Human Resources Academy.
- When utilized properly, the role of the PES/PAR system will provide management with the ability to define staff roles and responsibilities and evaluate skill sets (see 14.1 Management Response).

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Performance Management

Finding 14.1: *The pass/fail structure of the Performance Evaluation System (PES) limits the range and depth of an employee's performance review.*

Criteria:

Collective Bargaining Agreement: Performance Evaluation System – Article 16 (dated 2/7/07; effective: 7/1/07 – 6/30/11)

Condition:

The ineffectiveness of the Performance Evaluation System (PES) for evaluating employee performance was a common concern voiced by DOE personnel during interviews. In the JAQ, 50% of Division Heads report that there are not adequate measures used to assess performance and/or the performance of their staff. PES is mandated by the collective bargaining agreement (CBA). This CBA dictates the way in which the work force functions at DOE (refer to the Current State section, page 35 for more information).

PES is a two tiered system that allows management to rate an employee's performance in certain areas as either "satisfactory" or "unsatisfactory". Some deficiencies in the current PES system are as follows:

- Merit compensation is not tied to the PES. Employees receive a cost of living increase of 3% per year for the first two years of the CBA and 3.5% for the second two years of the CBA.
- Evaluation ratings are not linked to promotions. As ratings are only pass or fail and not on a continuum, they do not encourage employees to work to achieve a higher rating.
- The evaluations may not provide an accurate or detailed review of employee performance. Although the depth of the review varies by manager, some managers provide written comments in addition to the pass/fail ratings in an employee's review. Other managers may not include comments.
- The union allows grievances on the PES evaluations after the employee has requested a meeting with the level of management above the employee's supervisor to discuss their concerns with the evaluation. As a result, managers may be reluctant to file unsatisfactory reviews about underperforming employees because there is the possibility that a grievance will be filed against them.
- Evaluations are not completed in a consistent manner.

Effect:

DOE may be unable to identify under performing employees and take corrective action and may be unable to encourage or motivate under performers to improve job skills or to create a corrective action plan. The notion that the performance management system is not linked to compensation increases or promotions provides employees little incentive to perform at a higher level in order to achieve successes in their current positions or strive towards advancement.

Findings & Recommendations / Secondary Personnel Management: Performance Management

Finding 14.1 (continued): *The pass/fail structure of the Performance Evaluation System (PES) limits the range and depth of an employee's performance review.*

Recommendation:

Although the pass/fail rating system continues to be a requirement of the CBA that is in effect until 6/30/2011, the following may be considered:

- PES evaluations should include the creation of goals so management can provide a broader range of feedback and comment on an employee's performance. Based on conversations with DOE Management, we understand this is possible for the PES. Employee goals should correlate to the objectives of the office, division, and DOE and should be quantifiable.
- An employee's individual goals should be tied to the DOE strategic plan. The creation of unit specific charters, as mentioned in the Governance: Strategic Planning Finding 2 on page 68, may be used as a reference when determining an employees goals.
- During the next CBA negotiation, this aspect of the PES should be reviewed and updated.
- Evaluate employees performance twice per year, at interim and year-end, and provide the employee with written comments. The employees performance should be evaluated on their progress in meeting their yearly goals.
- The appropriate Assistant Commissioner should review the PES evaluations for all employees within their division or office for consistency and completion.
- At the opening of new CBA negotiations, prepare an alternative performance evaluation system that addresses the issues outlined in this finding.

Management Response

Current Status of Condition:

- As noted, the Department's reorganization has lead to several new managerial/supervisory appointments as well as new hire appointments, and there is a need for Performance Evaluation System (PES) and Performance Assessment Review (PAR) training. In the fall and winter of 2007, the Office of Administration and Human Resources will conduct training to provide all staff with a thorough understanding of the purpose of the PES/PAR system as well as the role and responsibilities of the employee, immediate supervisor and reviewer.
- While it is correct that the Collective Bargaining Agreement (CBA) dictates the annual/semi-annual cost of living adjustments, CBA staff also received annual anniversary increments which can be affected by unsatisfactory PES evaluations.

Findings & Recommendations / Secondary Personnel Management: Performance Management



Finding 14.1 (continued): *The pass/fail structure of the Performance Evaluation System (PES) limits the range and depth of an employee's performance review.*

Response to Recommendations:

- The Department agrees that the creation of the major goals of the unit/work group, individual goals, individual job responsibilities and standards for each employee should be directly linked to the Department's strategic goals.
- The Department agrees that the formal evaluation of employees should occur every six months; however, once training has been completed and the PES/PAR process is utilized correctly, the ratee, rater and reviewer will engage in constant communication. With such communication between all parties, the formalized process of meeting for the initial and final evaluation will bring no surprises, thereby avoiding potential grievances.
- The role of the reviewer is to ensure consistency among his or her Office or Division. The Department does have another layer of review, the personnel coordinator, who should ensure consistency within each Division. If inconsistencies are discovered, the personnel coordinator is responsible for bringing them to the attention of the Assistant Commissioner for resolution.
- The PES/PAR program does have the capacity to deal with unsatisfactory ratings. Employees whose performance is found to be unsatisfactory may receive additional on- the-job training, professional development training, Employee Advisory Services (EAS), or a delay or denial of their anniversary increment, or may be demoted or removed from their positions.

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Performance Management

Finding 14.2: *The Performance Assessment Review (PAR) system used to evaluate management is not linked to employee compensation or advancement.*

Criteria:

New Jersey Department of Personnel NJ Administrative Code – Title 4A, Chapter 6: Leaves, Hours, of Work and Employee Development, Subchapter 5: Performance Evaluation (4A:6-5).

Condition:

Many interviewees mentioned the ineffectiveness of the PAR system for evaluating management performance. In the past, the ratings in the PAR were not linked to compensation or promotion, and therefore the process was often viewed as an administrative task instead of a helpful evaluation tool. There are three levels of management at DOE, M32, M34, and M37. Management level employees are not guaranteed annual cost of living adjustments and the PAR evaluations are not directly linked to management compensation. Management has not received consistent raises prior to this year in which a new system for rating the managers was implemented and they were able to receive a 0-6% raise based on their performance. This pay increase is scheduled to occur for the next year but it is not guaranteed in subsequent years.

In addition, PAR goals are not linked to DOE's strategic goals. In the four benchmarking states, each state requires that their employees have some level of input in setting their own performance standards. The PAR requires inclusion of the major goals of the Division or Office but does not require the employee to set personal performance standards. For example, North Carolina has the employee set their individual performance standards against the goals for DOE. Each division creates a Leadership Management Plan based on the goals of DOE and each employee within each division creates their own performance plan. Each supervisor evaluates the performance evaluation and decides if it is in accordance with the overall Leadership and Management Plan and DOE's goals.

Effect:

The notion that the performance management system is not linked to compensation increases or promotions on a consistent basis provides little opportunity to reward employees for working hard or serving the New Jersey education system. If the goals of the performance evaluation system are not linked to the goals of DOE, the employees will have difficulty understanding how their hard work benefits the mission and goals of DOE.

Findings & Recommendations / Secondary Personnel Management: Performance Management

Finding 14.2 (continued): *The Performance Assessment Review (PAR) system used to evaluate management is not linked to employee compensation or advancement.*

Recommendation:

As PAR is not limited by the constraints of the CBA, consider restructuring PAR evaluations by:

- Adding a goal component to the PAR. Management should draft annual goals after their year-end review. The goals should be quantifiable and in align with DOE, division, and office objectives.
 - One of the goals of the manager level employees should be to complete the PES evaluations for their employees on time.
 - An employee's individual goals should be tied to the DOE strategic plan. The creation of unit specific charters, as mentioned in the Governance: Strategic Planning Finding 2 on page 68, may be used as a reference when determining an employees goals.
- Including two review processes in the PAR process – at mid-year and year-end. Management's performance should be evaluated based on their progress in meeting their goals.
- Linking compensation and promotion to performance reviews. The current pay increases should be continued within the reasonable budget constraints of New Jersey, enabling DOE to give raises for good performance. (Refer to Personnel Management: Compensation Finding 15 on page 125.)
- Considering client satisfaction surveys as part of the performance review process. North Carolina uses a client satisfaction survey which is sent to all of their information technology clients. The results of the satisfaction survey are then tied back in to the employee's performance evaluation. As it has been a successful tool for employee evaluation, they plan to incorporate a client satisfaction survey into other areas of their DOE.

Management Response

Current Status of Condition:

- All State of New Jersey aligned (protected by CBA) or non-aligned (unprotected by CBA) employees are governed by Civil Service rules and regulations. These rules and regulations can be found in the New Jersey Administrative Code. While the statement that the PAR system is not under the constraints of the CBA is correct, non-aligned employees are governed by the rules and regulations, with respect to PAR, which can be found in the NJ Administrative Code 4A, Chapter 6, Subchapter 5.
- Compensation for non-aligned managerial staff, after their initial appointment, is based on performance. As noted, during this non-aligned managerial salary increase program (July 2007), the tool of measurement was not the PAR; however, the PAR should have been used as the basis for the required justification for the recommended salary increase. In addition it should be noted that non-aligned employees serve at the discretion of the Commissioner.

Findings & Recommendations / Secondary Personnel Management: Performance Management



Finding 14.2 (continued): *The Performance Assessment Review (PAR) system used to evaluate management is not linked to employee compensation or advancement.*

Response to Recommendations:

- While the PES and PAR are two different performance evaluation tools, they both follow very similar procedures. The major goals of the unit or work group, major goals of the employee and job responsibilities are essential criteria that should be directly linked to the Department's strategic goals.
- As noted, non-aligned managerial staff compensation does not follow the same guidelines as the aligned CBA staff. Since non-aligned managerial staff are discretionary staff, their salary increases are affected by a number of factors, including performance reviews and general State fiscal constraints. The Governor has established an executive management compensation and compression remediation program in an attempt to alleviate problems that have developed over the years with respect to management compensation levels, and he has indicated that this program will continue next year.

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Compensation



Finding 15: *There is compensation inequity between high-level union employees and DOE management, and DOE and District employees.*

Criteria:

Union Salary Schedule is set by the CBA. Management compensation is set by the Department of Personnel (DOP). District salaries are set by the local boards of education. The Commissioner's salary is set by N.J.S.A. 52:14-15.107.

Condition:

The current compensation structures within DOE are not necessarily aligned with an employee's level of responsibility. A high-level union employee may receive higher compensation than their non-union manager. This occurs because DOE management does not receive an annual cost of living allowance (COLA) adjustment nor a pay increase based on performance. However, as a result of a Governor's initiative, in 2007 and 2008, DOE management may receive a 0-6% increase in pay based on merit. Union employees receive annual COLA pay increases of 3% for the first two years and 3.5% for the second two years of the CBA.

The current compensation structure provides little to no incentive for a union employee to become a DOE manager. The union Salary Schedule ranges surpass DOE's management compensation scale. Many union employees who are not managers make more than the non-union managers. When considering a promotion to DOE management, a high-level union employee may make more than a DOE manager if they remain in a union position based on uncertain pay increases for DOE management. This creates a disincentive for anyone to move to a management level. DOE union employees top out at Range 30 with a maximum salary of \$97,874 before annual COLA adjustments. Each union employee can receive annual COLA adjustments per the CBA. There are three levels of management at DOE, M32, M34, and M37. The first level of management or M32, which is set by the Governor's Office, has a maximum salary of \$95,846 with no guaranteed annual COLA adjustment. This situation has been developing over a long period of time and the Governor's Office is working to address the inequity by implementing a new executive management compensation plan that will address compression issues and include salary increases based on performance.

DOE salaries are not competitive with Districts. Districts often pay their employees more than DOE, which may result in high turnover at DOE, as employees move to more lucrative positions. The Commissioner's salary is set by New Jersey statute as are the salaries of all cabinet members. The Commissioner's salary sets the ceiling for DOE salaries and many District positions have higher salaries than the Commissioner's. Two of the four states benchmarked shared their concern over the level of compensation that the Districts are able to offer and the fact that they are unable to match or exceed District salaries in order to attract key personnel, similar to New Jersey. North Carolina and Massachusetts expressed the challenges they face with their salary structures as well; however, one state appears to have a potential solution to this problem as noted in the recommendation.

Findings & Recommendations / Secondary Personnel Management: Compensation



Finding 15 (continued): *There is compensation inequity between high-level union employees and DOE management, and DOE and District employees.*

Effect:

DOE may be unable to attract and retain qualified applicants or managers within their personnel pool because of the salary differentials between the union, DOE management and Districts. It also causes a congestion at the highest union level (30) and results in a lack of managers at all levels. Additionally, it may be difficult to attract qualified employees from the Districts, where they can earn higher salaries.

Recommendation:

Increase management compensation to equitable levels either through the DOP or through the General Assembly. Based on our benchmarking analysis, we understand that Arkansas currently has a competitive salary structure in place. The Arkansas Commissioner asked for flexibility from the State Legislature for staffing because they were losing staff to the District positions. As a result, the Arkansas DOE is able to have pool positions to hire from at competitive wages.

An equitable compensation scale requires that management compensation is on par with union salary increases, and DOE salaries are competitive with Districts. DOE should consider creating a salary structure in the annual budget that allows for:

- COLA adjustments for management.
- The continuation of the Governor's initiative to provide pay increases based on merit.

In addition, DOE may consider an analysis of the salary structures for the Districts and revising their structure based on that research. In Kentucky, a research project regarding salaries in the Districts resulted in management salaries that are set based on the top three salaries of similar positions in the Districts. This allows them to effectively recruit from the Districts, and can be an option considered by DOE.

Management Response

Current Status of Condition:

- The problem that many aligned CBA staff may receive higher compensation than non-aligned managerial staff is one that has been developing for a long time and one that the Governor is committed to addressing during his Administration. The current executive management compensation and compression remediation plan implemented this year not only addresses management salary issues, but also takes into account salary compression issues. The Governor has indicated that this plan will continue next year as well.
- The condition of staff moving from aligned CBA positions into non-aligned positions is a global state government issue. As noted in the response to finding 14.2, non-aligned positions are discretionary appointments in accordance with NJAC Title 4A.

Findings & Recommendations / Secondary Personnel Management: Compensation



Finding 15 (continued): *There is compensation inequity between high-level union employees and DOE management, and DOE and District employees.*

Response to Recommendations:

- During this Governor's administration the inequity of non-aligned staff to aligned CBA staff has been recognized and is being addressed.

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Training



Finding 16.1: *There are inconsistent training requirements and policies for DOE employees.*

Criteria: N/A

Condition:

There is no training required for professional development or to provide guidance on DOE policies and procedures. According to the JAQ results, 63% of Management feel there is not enough training offered.

- Microsoft Office and other basic technology trainings that DOE offers are not mandatory and consequently many employees that may benefit from such courses do not attend.
- New hire and new manager trainings do not exist.
- Professional development for management is not provided by DOE. Although it can be obtained through the State, DOE does not require management to complete training.
- Training related to roles and responsibilities is lacking. According to the JAQ, 34% of Managers and 33% of Staff responded that they do not receive training related to roles and responsibilities.

Inconsistencies also exist in training policies across DOE.

- Some offices require employees take vacation time to attend trainings, while others do not.
- The level and frequency of program or job related training may vary by office or group. Some offices hold monthly “brown-bag lunch” seminars in coordination with local organizations.
- If an employee holds a certification, the responsibility lies on on the employee to complete annual continuing professional education requirements even if the certification is required as part of the job description. Some staff indicated that they have trouble keeping up with CPA Yellow Book training, because DOE does not offer many related trainings.
- Cross-training is not available for job functions. JAQ results indicate that 48% of DOE staff responded that they do not receive cross-training by other functional areas.

Effect:

Some DOE employees may lack basic computer and other general skills to perform their job responsibilities efficiently and effectively. Inefficiencies and inconsistencies may occur in the interpretation of policy and procedures because a DOE-wide training is not offered on the subject. Lack of cross-training for functional areas may result in a lack of staff with adequate knowledge to continue with a task or project if an employee resigns.

Findings & Recommendations / Secondary Personnel Management: Training



Finding 16.1 (continued): *There are inconsistent training requirements and policies for DOE employees.*

Recommendation:

DOE should consider the following:

- Require DOE employees to attend basic computer and general training courses, commensurate with job requirements.
- Provide DOE employees with the opportunity to test out of the basic courses or receive waivers from direct supervisors, if warranted.
- Create new hire and new manager training courses that provide the employees with the skills to succeed in their new positions.
- Provide DOE management with professional development opportunities and/or leverage other DOP provided opportunities.
- Create opportunities to cross-train employees in functional areas, and assign management within Divisions to coordinate such efforts.
- Training requests or suggestions should be documented during the PES or PAR evaluation process and followed up on during formal evaluations.

Management Response

Current Status of Condition:

- The Department recognizes the need for professional development opportunities for its employees. As indicated in the Management Response for Finding #13, the Department of Personnel is leading an initiative by the Governor's Office to provide mandatory and professional development training to State employees. The Commissioner and the Department's senior staff are committed to making the necessary resources available to allow employees to participate in the Training Advisory Council and the Communities of Practice work groups. This initiative will address new manager training and professional development training.

Findings & Recommendations / Secondary Personnel Management: Training



Finding 16.1 (continued): *There are inconsistent training requirements and policies for DOE employees.*

Response to Recommendations:

- The Department will address mandatory basic computer, general and professional development training courses through this initiative, including the option of testing out of basic courses or receiving a waiver from their direct supervisor.
- The Department is developing a new hire orientation that will be administered by the Offices of Administration and Human Resources and Equal Employment Opportunity/Affirmative Action.
- The Department will make cross-training opportunities available once the Department reorganization effort has been completed.
- Training is an established tool of the PES/PAR interim and final development plans.

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Training



Finding 16.2: *The current travel policy hinders DOE employees' ability to attend and represent DOE at professional development seminars, trainings, and conferences outside of New Jersey or overnight within the State of New Jersey.*

Criteria:

State of New Jersey travel policy

Condition:

The current travel policy prevents reimbursement to employees for out-of-state training or conferences unless expressly approved by the Commissioner and the Governor's Office. Out-of-state travel for training, professional development, conference participation, presentations, advocacy, and funding related purposes is frequently requested; however, because of restrictions on such travel, the requests may be delayed, denied or problems may occur when requesting reimbursement for job related travel. The current travel policy places the same restrictions on overnight travel within the state.

The four benchmarking states each have a travel approval process, with final approval residing in the respective Department of Education. The other state DOE's are provided an annual travel budget and expected to monitor use of travel funds in accordance with policies. On rare occasions, budget cuts may force a cap to go into effect reducing the frequency of out-of-state travel.

Effect:

As a result of the travel policy, DOE is limited in its representation or visibility in key conferences or meetings that have key external stakeholder or peer audiences. In addition, DOE may not be obtaining key information on leading practices or activities going on in other state's DOE. Finally, DOE staff may not be able to attend required trainings, seminars, or conferences for professional development.

Recommendation:

Consider requesting changes to the travel policy and allowing internal approval of requests within the Commissioner's Office. Ask that out-of-state or overnight travel within the state be allowed as long as it is within DOE's budget and in alignment with the educational goals and objectives of DOE. Consider establishing a training plan on an annual basis, for submission and approval by the Commissioner's and Governor's Office, which would outline training requests, travel requirements, and associated budgetary implications. If this is approved on an annual basis, it may make intrastate and interstate travel more efficient throughout the year.

Findings & Recommendations / Secondary Personnel Management: Training



Finding 16.2 (continued): *The current travel policy hinders DOE employees' ability to attend and represent DOE at professional development seminars, trainings, and conferences outside of New Jersey or overnight within the State of New Jersey.*

Management Response

Current Status of Condition:

- The travel policy as described is an addition to existing travel regulations to ensure that State and federal funds are expended appropriately and efficiently, requiring evidence of a critical need to justify the travel. The State's existing travel regulations allow the Departments to approve out-of-state travel for job-related purposes for five or fewer people, not to exceed \$5,000 per event, without obtaining additional approvals.

Response to Recommendations:

- The Chief of Staff will review all travel requests to ensure their alignment with the educational goals and objectives of the Department.
- The Department will coordinate discussions regarding the creation of an annual (or semi-annual) training plan that would outline training requests, travel requirements, and associated budgetary implications.

Status:

- In process

Findings & Recommendations / Secondary Personnel Management: Institutional Knowledge



Finding 17: *Due to a lack of cross-training and documented policies and procedures, an institutional knowledge gap exists when employees leave DOE or change positions.*

Criteria:

N/A

Condition:

DOE does not consistently document and update policies and procedures and job descriptions and cross-training among employees does not frequently occur. Additionally, little to no planning occurs to ensure positions are covered due to an employees long-term absence, retirement, or termination. Some examples are:

- Leading practices within DOE, County Offices, and Districts are not documented and tracked. According to the JAQ, 42% of DOE employees report there are no formal policies in place to guide key operational functions and relationships between organizational units and outside agencies.
- Some offices or groups are composed entirely of staff who are within five years of retirement. No succession plans appear to be created to deal with their departure or the possibility of early retirement.
- According to the JAQ, 24% of DOE employees responded there are no formal (i.e. documented) policies and procedures they use in accomplishing their job, of which 27% of staff responded there are no formal policies and procedures in place. For purposes of the survey, DOE staff are all employees, except division heads, managers, and clerical support.

Effect:

The risk exists that organizational knowledge, data collection, and potentially some roles and responsibilities are lost due to the change in employees or long-term unfilled vacant positions. If someone is solely responsible for a particular job duty and retires or leaves DOE, and the job functions of that person are not understood or documented, it becomes difficult to perform those duties in the future.

Recommendation:

DOE should consider requiring Divisions and Offices to create succession plans. Part of that planning would require employees to document and periodically update their roles and responsibilities. Policies and procedures should also be written and updated annually or based on any changes in existing or new initiatives. Specific processes should be documented, such as the steps to draw-down funds from federal grants. Depending on the task, a back-up person should also be designated to handle the functions in the event the position is vacant. Furthermore, cross-training of employees should take place that will allow for a more effective transition of duties during instance of vacant positions. The finalized succession plans, including the policies and procedures, job descriptions, and cross-training functions should be communicated to all employees.

Findings & Recommendations / Secondary Personnel Management: Institutional Knowledge



Finding 17 (continued): *Due to a lack of cross-training and documented policies and procedures, an institutional knowledge gap exists when employees leave DOE or change positions.*

Management Response

Current Status of Condition:

- While there are numerous formal policies and procedures for various operational functions, there may be some functions for which they do not exist. In addition, some staff may not be aware of the policies that do exist.
- It is recognized that some offices are composed of older and more experienced personnel. In all offices, there are systems in place for individuals to serve in a leadership capacity when the managers are out of the office for vacations and meetings. Additionally, the Department has typically provided staff opportunities to serve in interim management positions on a temporary basis when managers retire or leave. Often these opportunities lead to management positions for these employees.
- It is recognized that the reduction in staff over the years has created a situation in which there is not the opportunity to have sufficient cross training and people knowledgeable in areas or responsibilities outside of their own. The Department agrees that a succession plan is essential to preventing an institutional knowledge gap when employees leave or change positions and this planning has been encouraged by the Governor's Office.

Response to Recommendations:

- The Department will use the PARS and PES systems to insure that the roles and responsibilities of all employees are documented and updated.
- The Department will identify areas in which policies and procedures are needed and develop the written policies.
- Wherever possible, back up people will be assigned and familiarized with the responsibilities of other staff.
- The Department will develop Departmental, Division and/or Office succession plans, policies, procedures and processes upon the completion of Department's reorganization initiative. Succession planning is strongly encouraged by the Governor's office, Office of Management and Budget and the Department of Personnel.

Status:

- In process

Findings & Recommendations / Secondary Communication



Finding 18: *There is a lack of coordination and communication across units within DOE.*

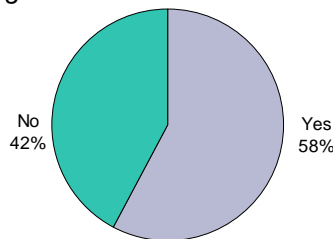
Criteria:

N/A

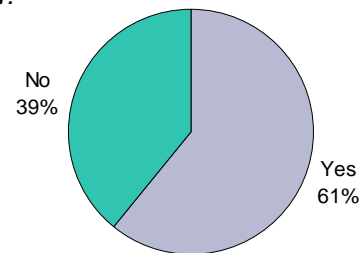
Condition:

Communication within DOE appears to be functioning appropriately vertically, however, DOE lacks cross unit, or horizontal, communication and collaboration. JAQ results indicate that 82% of Management reports that the lines of communication are well defined for their functional work areas. However, interviewees and focus group attendants indicated that the divisions and offices do not communicate or coordinate with each other prior to creating or executing initiatives. Additionally, sharing of information across Divisions, Offices, and Districts does not regularly occur. According to the JAQ:

“Are there formal policies in place to guide key operational functions and relationships between organizational units and outside agencies?”



“Are the DOE’s goals, policies, and directives effectively communicated to you?”



• *Within DOE Senior Staff, Across Functions*

- There appears to be a lack of coordination among the Senior Staff at DOE regarding the communication of policy. For example, there are currently two senior staff meetings, the Senior Staff meeting and the Policy Staff meeting. These two staff meetings essentially have the same purpose, which is to discuss policy issues with DOE management, yet have different attendees.

The Senior Staff meeting focuses on major issues of concern that are raised to the Governor’s Office. Not all senior level staff are invited to the meeting, including the Educational and Information Technology Director and the Director of the Office of Fiscal Policy and Planning, but the Public Information Officer and the Legislative Director both attend, as well as a representative from the State Board of Education. Recently, the Commissioner has moved to a paper submission of the hot topics which is then circulated to all applicable parties for comment before it goes to the Governor’s Office.

The Policy Staff Meeting focuses on discussion surrounding policy development and attendees include all Assistant Commissioners, the Special Assistant to the Commissioner, and the Chief of Staff.

Findings & Recommendations / Secondary Communication



Finding 18 (continued): *There is a lack of coordination and communication across units within DOE.*

Criteria: N/A

Condition:

- *Across Divisions and Offices*
 - Offices may occasionally communicate directly with Districts instead of through County Offices. For example, DOE provided NJSMART training to Districts, but not to County Offices. When the Districts have questions, they call the County Offices even though the NJSMART vendor is tasked with answering District questions and the County Offices had not received training and in some cases had not heard about the initiative.
 - Divisions and offices familiarize themselves with regulatory amendments to the administrative code unless their specific program is directly impacted. There appears to be a lack of communication and ownership relating to State Board Bylaws and the State Board Rulemaking chapters that may not directly relate to programmatic issues.
 - There is a general lack of coordination between DOE, County Offices, and Districts with regards to the grants management process – applications, reporting, and grant close outs. (Refer to Budget and Finance: Grants Management Finding 19 on page 141, and Information Technology: EWEG Finding 21 on page 150.)
 - 42% of all DOE employees responded there are no formal policies in place to guide key operational functions and relationships between organizational units and outside agencies.
 - 44% of Staff level DOE employees responded there are no formal policies in place to guide key operational functions and relationships between organizational units and outside agencies.
- *Within Divisions and Offices, Across Functions*
 - Divisions do not communicate proactively with other Divisions, or within their own Division when the administrative code changes, which may indicate that there is no mechanism in place at the program level for intra-office communications regarding such actions. Many staff members call the State Board office after the code has been changed asking when the changes were made and for clarification regarding the impact to their functional area.

Findings & Recommendations / Secondary Communication



Finding 18 (continued): *There is a lack of coordination and communication across units within DOE.*

Condition (continued):

- *DOE to County Offices*
 - Program offices do not coordinate with each other before speaking to County Offices to ensure another program is not covering the program or requirement. For example, multiple program offices may require the same or very similar reports from County Offices, however, because no coordination is occurring, the County Offices may be providing each program office the same or similar report. The new organizational structure and the requirement that all information to County Offices be funneled through the Division of Field Services, may alleviate this issue.
 - “3 hour rule” – DOE frequently makes changes to email communications, so County Offices usually wait a few hours or a day before sending the information on to the Districts.

Effect:

As a result of the lack of communication across units, the following may occur:

- The goals and objectives of DOE may not be met because of a lack of clear and consistent understanding of DOE’s objectives among divisions. In addition, initiatives, and the execution of initiatives may not be efficient if divisions do not communicate or coordinate proactively.
- When regulatory amendments are made altering the administrative code, it may alter the work performed in the Divisions. If DOE employees are unaware of administrative code changes, they may fail to follow or execute the code in their duties.
- Duplication of efforts among activities, specifically when County Offices or Districts are requested by multiple offices to execute similar programs in a slightly different way and have different reporting requirements.

Recommendation:

To improve communication across units, DOE should consider the following:

- *Within DOE Senior Staff, Across Functions*
 - Continue the Policy Staff meeting.
 - The Commissioner should consider a monthly Senior Administrative Staff meeting to provide an opportunity to communicate functional administrative issues or concerns across the board. The Commissioner should consider including the Educational and Information Technology Director and the Director of the Office of Fiscal Policy and Planning in the monthly Senior Administrative Staff meeting to reflect best practice as all programs and initiatives have a funding and/or technical component. The Directors responsible for those functional areas should be present during relevant discussions because of the impact of major policies and initiatives on technology and funding.

Findings & Recommendations / Secondary Communication



Finding 18 (continued): *There is a lack of coordination and communication across units within DOE.*

Recommendation (continued):

- *Across Divisions and Offices*
 - Continue with changes as a result of the recent reorganization as the purpose of the reorganization was to break down barriers between divisions and units within DOE.
 - Designate staff within program offices to be responsible for specific chapters of the administrative code that may not pertain to their Division's expertise, but require ownership and attention. For example, the State Board By-Laws and State Board rule-making process chapters.
 - Policies and procedures should be established to formalize the complaint process. A back-up person should be designated to handle complaints if the Chief of Staff position is vacant. The finalized process should be communicated to all employees.
- *Within Divisions and Offices, Across Functions*
 - Formally designate a staff member as the regulatory, or non-programmatic code contact for each Division for code that affects the Division. Make it the designee's responsibility to communicate significant code changes to all applicable parties within their Division. In addition, DOE may consider requiring the State Board office to send out monthly communications summarizing significant, non-programmatic code changes to all or pertinent DOE employees. Currently, there appears to be a robust process in place when the State Board adopts amendments that impact programmatic aspects of the code.
 - Address issues of education research and data collection by reaching out to other units in a coordinated effort to discuss, brainstorm, and implement recommendations to solve potential data collection issues.
 - Create an environment of open communication and sharing of information by holding meetings, sending email updates, and encouraging employees to talk with other offices.
- *DOE to County Offices*
 - Division of Field Services – streamline and centralize communication between County Offices and DOE by requiring all DOE divisions and offices to forward all communications to the Division of Field Services central office staff and not directly to the Division of Field Services, County Office staff or Districts.

Findings & Recommendations / Secondary Communication



Finding 18 (continued): *There is a lack of coordination and communication across units within DOE.*

Management Response

Current Status of Condition:

- The Department's new reorganization and the reporting of many program Divisions to the Deputy Commissioner were strategies developed to improve coordination and communication across all units in the agency. This has worked well and critical work has been completed regarding the implementation of QSAC and CAPA, and the plan that will support schools and Districts to improve based on monitoring results. The arrival of a new chief of staff in June also provides an important point person for his reporting units and critical leadership to support the offices that make up the infrastructure of the Department.
- State rulemaking is overseen by the Office of the State Board. This office regularly meets with staff involved in developing code. Offices routinely include staff from other Divisions when developing administrative code. While it has not been formalized, this collaboration does occur. A more formalized system could be developed. In addition, the Office of the State Board will be responsible for ensuring that all Divisions receive copies of proposed code in sufficient time to comment as appropriate.

Response to Recommendations:

- *Within the Department Senior Staff, Across Functions*
 - The Department agrees that the Policy Staff meeting should continue on a weekly basis.
 - The Department will consider changing the weekly Senior Staff meeting to a monthly Senior Administrative Staff meeting as a means of communicating functional administrative issues or concerns across the board.
- *Across Divisions and Offices*
 - Completion of the Department's reorganization is contingent on the hiring of critical staff, which must be approved by Office of Management and Budget and the Governor's Office. The Department will work to complete the reorganization within these parameters by early fall and to focus on improving communication among divisions and units across the organization.
 - The Office of the State Board will ensure that all Divisions receive copies of administrative code amendments. Division heads will determine the appropriate offices that need to be alerted to the information that may impact their work.
 - The Department has formal complaint procedures through the CBA and the grievance process. The Chief of Staff should review whether these fulfill the recommendation for a complaint process and take steps to communicate widely the details of how to activate it.

Findings & Recommendations / Secondary Communication



Finding 18 (continued): *There is a lack of coordination and communication across units within DOE.*

Response to Recommendations:

- *Within Divisions and Offices Across Functions:*
 - The Department disagrees with the recommendation that a staff member should be formally designated as the regulatory code contact for each Division. The code process is extremely complicated and every effort is being made to coordinate the process and to communicate the changes to all parties. There are currently staff who have expertise in writing code and who understand the comprehensive process in all offices that coordinate code development. The Department believes that while efforts must be made to better coordinate the entire code by meeting periodically with this group, it is more efficient to maintain the system as it currently stands.
 - The Department already has a committee charged with overseeing the various data collection systems of the agency. This committee should coordinate efforts to discuss and implement recommendations to solve data collection issues.
 - The Department agrees that it should seek to improve an environment of open communication and sharing of information by the ways suggested.
- *Department of Education to County Offices*
 - The Department agrees that communication between the County Offices and the Department should be streamlined and centralized through the requirement that all Department Divisions forward all communications to the Division of Field Services central office staff and not directly to the County Offices or Districts. This has been the recent practice of the Department; in addition, the Department has just implemented a new process to streamline communications to the field on a weekly basis by consolidating all memos into one report. This is transmitted electronically to chief school administrators through the County Offices. This is being coordinated by the Division of Field Services.

Status:

- In process

Findings & Recommendations / Secondary Budget and Finance: Grants Management



Finding 19: *There is a lack of coordination in DOE with regards to the grants management process.*

Criteria:

Federal and State laws and regulations regarding grant requirements.

Condition:

In general, the grants management administrative processes are distributed throughout DOE and could be aligned more effectively with program, fiscal, and reporting requirements and oversight as dictated by program offices and Districts. The Office of Grants Management (OGM) works with program offices, and the Office of Fiscal Accountability and Compliance (OFAC), to provide ongoing monitoring. The following are specific issues noted during fieldwork and the conducting of interviews with DOE management:

- *Ineffective Grant Planning and Approval Process:*
 - This past year, the approval of grant applications has been delayed primarily to May and June of 2007 when it should have occurred between October and December of 2006. Management provided two primary reasons for this: one, the new EWEG system itself was delayed (see Finding 22), and two, the approval process was cumbersome to the point of slowing down necessary approvals.
 - The Appropriation Management Planning (AMP) process that applies to all grants, but focuses on discretionary grants, is not operating effectively. The AMP process consists of the program office creating a management plan for grant appropriations two years in advance. The process is not routinely followed. Some program offices never submit AMPs or the program offices submit comparative budgets with no actual expenditures and carry all grant funds forward.
 - One of the reasons for the inadequate fiscal planning and reporting appears to be the program office's lack of staff with appropriate fiscal experience and knowledge. Additionally, because of an inability and lack of available funds to fill vacant positions within OGM, the office is not able to provide as much fiscal planning support to the program offices. During interviews with staff from OGM, it was estimated that adequate grant planning support may take about three months of one full-time OGM employee based on the current process.
- *Inadequate Staffing Levels to Handle the Number of Grant Applications*
 - For entitlement grant programs, there are currently three staff assigned to review the grant applications and final reports. One person recently left and the office was not able to fill the vacancy. The program offices also may not have adequate staff to perform a review of the significant number of grant applications.

Findings & Recommendations / Secondary Budget and Finance: Grants Management



Finding 19 (continued): *There is a lack of coordination in DOE with regards to the grants management process.*

Condition (continued):

- *Lack of Comprehensive Policies or Procedures*
 - No District level guidelines or policies exist that schools can follow when completing all entitlement grant applications. However, a reference manual for NCLB grants is updated as necessary and at least annually by OGM. OGM posts this instruction manual on the DOE website. The manual provides details on the application process and specific regulations.

For findings and recommendations relating to the grant management system (EWEG), see Findings & Recommendations / Secondary – Information Technology: EWEG Finding 21 on page 150.

Effect:

The risks that DOE faces with regards to the grants management process are:

- *Minimal Grant Monitoring Process*
 - Although management indicated that the monitoring process is under revision, currently and in the past, grant monitoring efforts have not been effectively geared toward helping DOE ensure Districts are properly using the money per grant guidelines.
 - Desk reviews of A-133 audits do not appear to effectively provide the necessary oversight regarding the fiscal expenditures of grant funds by Districts on a proactive basis, especially as the Office of Fiscal Accountability and Compliance has a limited number of resources to perform such reviews and not all Districts are reviewed annually.
- *Inadequate Staffing Levels to Handle the Number of Grant Applications*
 - Lack of adequate staffing levels leads to increased workloads, which may negatively impact the thoroughness of the reviews of the applications by the Grants Specialists. The Grant Specialists specifically review applications for compliance with laws and regulations.
- *Lack of Comprehensive Policies or Procedures*
 - If the District's person responsible for completing an entitlement application changes positions or leaves, the application may be delayed in reaching DOE because contact information in the EWEG system is not accurate.

Findings & Recommendations / Secondary Budget and Finance: Grants Management



Finding 19 (continued): *There is a lack of coordination in DOE with regards to the grants management process.*

Recommendation:

According to the District Survey, 60% of respondents indicated that additional funding or grant assistance would be useful (see Appendix C: District Survey Results, page 234).

DOE should consider the following:

- *Minimal Grant Monitoring Process*
 - As planned by DOE, program offices should take a more proactive role in monitoring grant expenditures at a District level. Furthermore, the necessary guidance should be developed to provide effective fiscal oversight of expenditures as program office personnel perform such reviews.
 - Ensure that grant monitoring policies are developed and codified both for program office personnel and District level personnel to level-set expectations with the use of grant funds with Federal program rules.
 - The A-133 desk review should either be expanded to include additional resources and further review of Districts, or contracted out to a qualified, independent vendor who can review A-133 reports in a more efficient and comprehensive manner and report findings to DOE, OGM and OFAC.
- *Inadequate Staffing Levels to Handle the Number of Grant Applications*
 - Consider increasing or reallocating staff at OGM in relation to grant due dates and workflow.
 - To the extent possible, streamline the applications for IDEA, Perkins, NCLB, and discretionary grants, thereby reducing the number of grant applications each District needs to complete.
- *Lack of Comprehensive Policies or Procedures*
 - OGM should formulate written guidelines and policies that explain the grant applications process at the District level, which the County Offices can then provide to Districts.
 - In coordination with OGM, the Office of Special Education Programs should draft guidelines and policies around the performance of edit checks of data submitted to the federal government.

Findings & Recommendations / Secondary Budget and Finance: Grants Management



Finding 19 (continued): *There is a lack of coordination in DOE with regards to the grants management process.*

Management Response

Current Status of Condition:

- As the report identifies, the Department is currently redesigning the grant process and realigning resources to streamline the cumbersome grant approval system in order to focus our efforts on increased programmatic monitoring of grants after award. The streamlining is in place for 2007-08, when increased programmatic monitoring will also begin.
- The Department's goal is to monitor 60 Districts for compliance with the NCLB grant during the year. This number will increase in subsequent years. The programmatic monitoring will be done in concert with the ongoing fiscal monitoring conducted by OFAC to maximize the Department's resources in this area.
- OFAC has an agreement with the US Department of Education to conduct desk reviews of one-third of New Jersey's school Districts annually. OFAC has begun and will continue its proactive efforts to strengthen the Quality Assessment Review Checklist utilized in the desk review process.

Response to Recommendations:

- The Department will continue to streamline and redesign the grant approval and monitoring process and will realign resources to effectuate that change. This will include the development of monitoring policies and procedures as necessary. The Department will also continue to pursue efforts to realign and obtain additional resources to ensure adequate grants planning in concert with our efforts to do the same to ensure effective implementation of the fiscal responsibilities under CORE, the property tax reduction and reform bill, and the school district accountability act.
- The Department will review the AMP process to implement changes that will ensure the most effective planning process.
- The Department will identify areas in which policies and procedures are needed and develop the written policies.
- OFAC will continue to perform the number of desk reviews in accordance with its current agreement with USED and will pursue efforts to obtain additional resources to expand the desk review process of school districts.

Status:

- In process

Findings & Recommendations / Secondary Information Technology: Data Collection



Finding 20.1: *There is no single or consistent mechanism to collect and maintain data from Districts.*

Criteria:

N/A

Condition:

DOE does not have a mechanism in place that Divisions and Offices can refer to when collecting and tracking District data. Currently, there are multiple systems and methods in place to capture such data, including:

- NJ Standards Measurement and Resource for Teaching (NJSMART), is intended to be a comprehensive student level data warehouse, student level data reporting, and unique statewide student identification (SID) system. NJSMART was not designed to collect all district level data and as a result multiple data requests are made to the districts on an annual basis to collect the necessary information for reporting to the Federal government. Also, through interviews with DOE Divisions, the 1st version or iteration of NJSMART may not contain all the necessary data elements for reporting purposes; therefore, NJSMART may lack key District-level data until such time that NJSMART is updated. The student-level data, once collected, will be maintained separately from other District-level data.
- QSAC is intended to be a technology-enabled function, through the completion of the DPR on a web-application, however this data will not be maintained with other District-level data discussed here. In addition, QSAC will not be available through the web for Year 1 of the program, therefore there is a risk that Year 1 data will not be stored or housed with data from subsequent years
- District budgets are submitted to County Offices, who review and approve hard copies of the budget application on an annual basis. Budget data is maintained separately from other District-level data.
- The Public Information Office also collects District-level data through a variety of methods, including: Report Cards, Enrollment, and Certification. This data is also maintained separate from other District-level data.
- Finally, as mentioned in Finding __, DOE maintains over 80 different legacy systems. These systems may also contain varying pieces of District-level information that are not integrated.

In addition, DOE may not have adequate procedures in place to capture relevant information that may be used to create better processes surrounding QSAC. Data collection may be difficult as systems are not yet in place to collect and store the data.

Effect:

The different methods used to collect and store data results in the lack of a single, complete data set of information about Districts. The different systems or methodologies may also result in an inconsistent reporting of data about a District. Finally, the risk exists that data is not consistently or accurately tracked and then inaccurate data is subsequently reported to State or Federal agencies.

Findings & Recommendations / Secondary Information Technology: Data Collection



Finding 20.1 (continued): *There is no single or consistent mechanism to collect and maintain data from Districts.*

Recommendation:

DOE should consider creating a consistent mechanism that DOE can use to track and retrieve data at a student level, District level, and programmatic level. If NJSMART can be expanded to fulfill these data collection requirements, then DOE should incorporate the new data elements into the system and write policies and procedures around data collection and submission.

If NJSMART is not such a mechanism, or additional data should be tracked that is not appropriate for NJSMART to capture, such as budget or QSAC data, then an alternative method to track data should be proposed by DOE. Such a system may incorporate a service oriented architecture (SOA) and data warehouse, which may enable a more user-friendly, single point of entry for DOE to access a complete set of data on Districts. DOE should consider documenting policies and procedures around the use of any secondary data tracking method and provide a template for potential users, both internally and in the districts.

Finally, if NJSMART is not utilized as a District-wide solution, DOE should work to ensure that the Office of Educational and Information Technology captures as many NJSMART data elements and business requirements as possible from DOE programmatic offices in future planned versions, in order to maximize the value and effectiveness of the system and minimize the number of versions that must be developed and released.

Management Response

Current Status of Condition:

- Due to various statutory state and federal reporting requirements, it would be impossible for the Department to streamline all of its data collections into one single, consistent method of collecting and storing data. The Department agrees that there are some related data collections we could collapse into one mechanism.
- It is true that NJSMART was never intended to be the Department's all-encompassing data collection system. It is a student level database that certainly needs to interface with other data systems both within and outside of the Department, but it was not intended nor should it be the single mechanism for collecting all data. Instead, it was developed, as stated above, to provide Districts as well as the Department with access to assessment reports that will allow comparison of critical performance measures and facilitate more effective monitoring both at the district-level and the state-level. NJ SMART has gone through an intense development process that began several years ago and the NJ SMART Steering Committee is comprised of high-level program office representatives that have overseen the development of NJ SMART so that it can address student-level data needs across all Divisions of the Department. NJ SMART does have the capacity as was originally intended to be adapted as more student-level data needs arise.

Findings & Recommendations / Secondary Information Technology: Data Collection



Finding 20.1 (continued): *There is no single or consistent mechanism to collect and maintain data from Districts.*

Current Status of Condition (continued):

- With regard to QSAC, it is important to note that school district monitoring must be a dynamic, not a static, process able to adapt to change so that it will remain useful for the Department and Districts. A gradual web implementation will enable the District users to more effectively inform the overall design. It will make sure that the data the DOE does collect will be useful and in usable form. In addition, while Year 1 QSAC data will not be inputted through the web for YEAR 1 of the program, the Department plans to integrate the data once the web application is complete.
- Except for a few data elements, due to the intricacies and requirements of the budget process, it would be impossible to coordinate budget software with any of our other data collections. The budget data we collect needs to be reviewed and processed in a different manner than most of our other data collections, such as those performed by the Public Information Office, which are used mostly for reporting purposes.
- Finally, as mentioned in the Management Response to Finding 22, given limited IT resources and high new system development demand, legacy systems are usually the area in most organizations, including the Department, that receives the least attention.

Response to Recommendations:

- Although the Department may be able to streamline some of its data collection methods, it would be impossible to create a single, consistent mechanism that could track and retrieve data at a student, District and programmatic level and still meet all of the state and federal reporting requirements.
- As new versions of NJ SMART are developed and released, the Department will include as many data elements as are feasible and realistic in order to meet the needs of the program offices. In addition, the NJ SMART Student Data Handbook, which is reviewed and approved by the NJ SMART Steering Committee to serve as a reference guide for Districts, will continue to be updated any time an NJ SMART data element is added or changed.

Status:

- In process

Findings & Recommendations / Secondary Information Technology: Data Collection



Finding 20.2: Law and policy requires DOE to retain hard copies of all data requests; however, DOE has not formalized a long-range plan to store and file the documents.

Criteria:

DOE Document Retention Policy and Open Public Records Act.

Condition:

DOE receives information in hard copy form from across the organization, including the County Offices and the 616 Districts. The Document Retention Policy requires DOE to retain documents for a certain number of years, however this results in stacks and filing cabinets full of paper. As a result of the Open Public Records Act (OPRA), DOE is occasionally tasked with sifting through the extensive amount of paper in search of the documents pertaining to the data requests. This may be time consuming and cumbersome. DOE does not currently have the ability or systems in place to leverage data by storing the documents in a way that is easy to locate, store, and file.

Effect:

The risk exists that usable office space is being used to house paper, which is costly and in the future may require DOE to move offices to other locations because of a lack of available space. There is also a security risk that paper left in offices may contain personally identifiable information and can be obtained by unauthorized individuals. The current initiatives, such as QSAC and CORE, may increase the amount of data received by DOE. This also may impact and prevent DOE's ability to physically store all the documents received in a consistent and logical manner.

Recommendation:

DOE, in collaboration with the State technology office, should consider purchasing a document imaging system for the storage of all necessary documents, or consider utilizing an outside contractor to scan and file all hard copy information. DOE should also consider contracting with a vendor to store hard copy archived files and data. Finally, DOE should review internal and external document retention requirements, make sure they are in concert with one another, covers new initiatives, and is communicated to all employees.

Management Response

Current Status of Condition:

- There are two offices (the Office of Fiscal Accountability and Compliance and the Office of Professional Standards, Licensing, and Higher Education Collaboration) in the Department that are currently using a document imaging system (Filenet).
- The Department had considered expanding the utilization of Filenet to the Office of State Budget and Accounting, but found the associated costs (additional software licenses, scanning equipment and disk storage fees) to be prohibitive at that time.

Findings & Recommendations / Secondary Information Technology: Data Collection



Finding 20.2 (continued): *Law and policy requires DOE to retain hard copies of all data requests; however, DOE has not formalized a long-range plan to store and file the documents.*

Response to Recommendations:

- The Department will revisit the possibility of expansion of Filenet to other offices in light of current document legal and retention requirements.

Status:

- In process

Findings & Recommendations / Secondary Information Technology: EWEG



Finding 21: *The EWEG system significantly delayed the approval of the 2006-2007 grant applications.*

Criteria:

N/A

Condition:

The purpose of the Electronic Web Enabled Grants (EWEG) system was to move the entitlement grant application process from paper to an electronic system. Beginning in December 2003, OGM contracted with an independent vendor to run and host the EWEG system. According to DOE management, the past year was particularly difficult as the coordination and implementation of the EWEG system between OGM, program offices, and Districts was disjointed and caused delays in completing and approving grant applications. As stated in Finding 20, DOE is still in process of finalizing the approval of grant applications from last year. Grant funds were distributed to the Districts prior to approval as the following occurred to delay approval of grant applications:

- Grants Acceptance Certificates (GAC) are not completed, which is the major reason for delay in approving applications. The GAC must be completed in order to release the funds; however, DOE distributed funds prior to completion of the GAC.
- The current EWEG system configuration does not allow for real-time tracking of grant related expenditures and then subsequent reimbursements. During a federal audit of the grants process, the State's process to draw down federal funds using a set formula amount as opposed to by reimbursement, was noted as a finding. In response, DOE requires Districts to complete a cash-on-hand report annually. For the FY06 grants, final payments for about 10 grants have not been paid because the Districts have not completed the cash-on-hand report.

Effect:

The benefits of automating the grants application and reporting process may not be achieved because of system issues.

Recommendation:

OGM, in collaboration with the program offices, should evaluate the effectiveness of the EWEG system and determine if this is the appropriate system going forward. Status of the implementation and on the current initiatives in place to continue to improve the system. Further, an analysis of the system and conclusion on whether it will be able to adequately meet current and future needs and requirements of DOE, State, and Federal government.

Findings & Recommendations / Secondary Information Technology: EWEG



Finding 21 (continued): *The EWEG system significantly delayed the approval of the 2006-2007 grant applications.*

Management Response

Current Status of Condition:

- The Department established an EWEG Steering Committee that meets regularly to oversee implementation, coordinate program input, and make recommendations to improve the system. Significant improvements have been made to address the deficiencies noted in the audit that occurred during the 2006-07 grant cycle. These include the timely release of the Perkins and IDEA grants applications with little to no problems in the preliminary stages of District use. The NCLB application is targeted for an August 15 release, which is three weeks earlier than last year. The improvements in the EWEG system, coupled with the streamlined grant application process, should significantly address the 2006-07 concerns.
- The statement that the major reason for the delay in approving applications is that grant acceptance certificates (GAC) are not completed is incorrect. The GAC is generated after the application is approved. The submission of the GAC by the District is the trigger for the release of funds. Because of the unusual delay in the release, review, and approval of the FY 2007 IDEA and NCLB applications, the Department distributed funds prior to the completion and submission of the GAC. There was no delay in the release of funds.

Response to Recommendations:

- The Department will review and evaluate the system as the audit recommends as part of its ongoing evaluation and oversight process.
- The FY 2008 IDEA and NCLB application release is occurring earlier this year and the approval process has been streamlined which will result in applications being approved in a more timely manner.

Status:

- In process

Findings & Recommendations / Secondary Information Technology: Legacy Systems & Equipment

Finding 22: DOE's technology infrastructure contains multiple outdated and difficult to support legacy systems and equipment.

Criteria:

N/A

Condition:

DOE's Information Technology (IT) office focuses on providing technical support to DOE employees. The IT office has approximately 40 IT resources available to support over 80 systems in addition to handling the task of troubleshooting computer hardware issues across DOE. Some of the systems are outdated and no longer supported by outside vendors. DOE does not have the staff to dedicate a full-time employee to handle the support of some or all of the outdated systems. Additionally, although the IT director signs every requisition for hardware and software purchases, the IT office may not have the authority or budget to submit purchase requests for new computers, printers, or other technology related infrastructure needs such as a new telephone system. The Office of Management and Budget controls the technology budget and there is currently a state freeze on the purchase of new IT equipment.

Based on the responses from the JAQ, DOE employees appear relatively pleased with technology; however, 33% of DOE employees responded that computer resources are not modern and 31% responded that computer resources are not adequate. Additionally, in discussions with DOE employees, many indicated their computers were outdated and that some of the software they used was no longer supported by the IT department.

• *Legacy Systems*

- The system used to process and distribute payments to Districts is outdated. The payment process system software is written in the COBOL and SAS systems. The system is on a alpha server cluster. The system may delay the processing of payments, require additional IT support due to the age of the system, and may not be compatible to other software applications.
- The department has a significant number of outdated data collection software applications written in Clipper (a non-supported vendor product) and COBOL, that are difficult to support. Funds are not available to upgrade these systems.
- The Criminal History and Investigations group utilizes a software program that was developed by a vendor, but the vendor only has three programmers left who know how to troubleshoot and support the software program. Additionally, there is a risk that the vendor will go out of business in the near future.

Findings & Recommendations / Secondary Information Technology: Legacy Systems & Equipment

Finding 22 (continued): DOE's technology infrastructure contains multiple outdated and difficult to support legacy systems and equipment.

- *Inconsistent Data Collection Systems.* During the course of this performance audit, there were several data collection issues related to staffing which resulted in an inaccurate reporting of the actual number of DOE staff:
 - Two disparate data systems track employee data including the E-run system and the budget system within the Office of Budget and Accounting. E-run is system that tracks the current number of employees in DOE and is generated by the Office of Education and Information Technology. The E-run data includes all positions assigned to DOE, whereas the budget data includes only those that are funded. As budgets have decreased, positions have become unfunded but the position number remains unless a separate action is taken to eliminate it.
 - DOE staff were unable to produce an accurate count of current DOE staff. They must manually reconcile disparate data sources in order to produce a summary of current staffing. The staff summary generated by DOE management had inaccuracies and inconsistencies.
 - In order to determine the number of County Office staff a meeting was held to determine the filled, vacant, and interim positions as the Division of Field Services staff did not have a system that could generate the information automatically.
- *Outdated Technology Equipment*
 - Many County Office employees that are funded by DOE expressed concern that their computers were outdated, resulting in the inability to run some applications and the long amount of time it takes to run some software programs.
 - The telephone systems are outdated and not user-friendly. Many lack system-wide voice mail. Also, users do not have the ability to pick-up calls from remote desks within their unit, resulting in inefficiencies and often frustrated callers.

Effect:

Multiple risks may arise as a result of reliance on legacy systems, inconsistent data collection systems, and outdated equipment.

- DOE employees may not understand the programming language and will be unable to provide adequate system support.
- The systems may cost more to maintain than newer systems, especially if only a few vendors support the software.
- Inconsistent data collection systems may result in inaccurate reporting of data.
- DOE's IT office may be unable to fix and support outdated equipment. As a result, employee's may experience down-time and unproductively because of broken or slow equipment.

Findings & Recommendations / Secondary Information Technology: Legacy Systems & Equipment

Finding 22 (continued): *DOE's technology infrastructure contains multiple outdated and difficult to support legacy systems and equipment.*

Recommendation:

DOE should consider creating and executing a plan to update the technology infrastructure across DOE. This plan would include DOE's succession plans to:

- Transition from legacy systems to current software programs. When upgrading systems, DOE may consider consolidating some of the legacy systems or rewriting the Clipper and COBOL applications as web enabled applications in the current operating environment.
- Address the data tracking issues related to staffing. In order to address the data tracking issues, DOE should automate systems where possible including the time tracking system. With electronic time tracking DOE would be able to run a report regarding how many employees submit timesheets and get accurate employee counts. DOE may consider creating a data warehouse to collect and store internal DOE data.
- Update outdated computer and peripheral hardware to modern technology. DOE should consider upgrading technology equipment, such as telephone systems, to increase operating efficiency.

The purpose of the technology plan may be to update DOE's technology infrastructure, so that software and equipment adequately supports the operational functions within DOE, specifically the funding and fiscal requirements. In coordination with the technology plan, DOE should ensure adequate funds and approvals are in place to update outdated technology equipment in a timely manner.

Management Response

Current Status of Condition:

- The current technology situation at the Department is the result of many years of inadequate IT funding and staffing.
- The process of obtaining IT equipment has been totally redesigned under the Governor's effort to overhaul the state's IT environment. There is currently a spending moratorium for all Departments, which requires requests to be made to the Chief Technology Officer for review and approval. The Department will continue to make requests under this new process, in place since the Governor signed the OIT Executive Order in November of 2006.
- As far as legacy systems are concerned, given limited IT resources and high new system development demand, this typically is the area in most organizations that receives the least attention. This is also the case at the Department.

Findings & Recommendations / Secondary Information Technology: Legacy Systems & Equipment



Finding 22 (continued): *DOE's technology infrastructure contains multiple outdated and difficult to support legacy systems and equipment.*

Response to Recommendations:

- The Department will develop a detailed technology plan (including associated costs) to specifically itemize and address the outdated legacy systems and equipment at the Department. Through the new process established by the Executive Order, this plan will be used to procure the necessary funding to begin the technology replacement implementation.

Status:

- In process