

New Jersey Department of Education

January 8 - 12, 2007

Scope of Review: A team from the U.S. Department of Education's (ED) Student Achievement and School Accountability Programs (SASA) office monitored the New Jersey Department of Education (NJDOE) the week of January 8-12, 2007. This was a comprehensive review of NJDOE's administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind (NCLB) Act; Title I, Part A; Title I, Part B, Subpart 3; and Title I, Part D. Also reviewed was Title X, Part C, Subtitle B, of NCLB (also known as the McKinney-Vento Homeless Education Assistance Improvements Act of 2001).

In conducting this comprehensive review, the ED team carried out a number of major activities. In reviewing the Part A program, the ED team conducted an analysis of State assessments and State Accountability System Plans, reviewed the effectiveness of the instructional improvement and instructional support measures established by the State to benefit local educational agencies (LEAs) and schools, and reviewed compliance with fiscal and administrative oversight requirements required of the SEA. During the onsite week, the ED team visited three LEAs - Jersey City Public Schools (JCPS), New Brunswick Public Schools (NBPS), and Trenton Community Charter School, and interviewed administrative staff, visited seven schools in the LEAs that have been identified for improvement, and conducted two parent meeting (s). The ED team then interviewed NJDOE personnel to confirm data collected in each of the three monitoring indicator areas. As part of the expanded monitoring for public school choice and supplemental educational services (SES) portion of the review, the ED team reviewed only these requirements in Trenton Public Schools (TPS), Plainfield Public Schools (PPS) and Perth Amboy Public Schools (PAPS). The team interviewed LEA and school administrators, parents and SES providers in these additional LEAs.

In its review of the Title I, Part B, Subpart 3 Even Start program, the ED team examined the State's request for proposals, State Even Start guidance, State indicators of program quality, and the most recent applications and local evaluations for two local projects located in New Brunswick and Perth Amboy. During the onsite review, the ED team visited these local projects and interviewed administrative and instructional staff. The ED team also interviewed the Even Start State Coordinator to confirm information obtained at the local sites and to discuss State administration issues.

In its review of the Title I, Part D program, the ED team examined the State's application for funding, procedures and guidance for State Agency (SA) applications under Subpart 1 and LEA applications under Subpart 2, technical assistance provided to SAs and LEAs, the State's oversight and monitoring plan and activities, SA and LEA subgrant plans and local evaluations for projects in New Jersey. The ED team interviewed administrative, program and teaching staff. For Subpart 1, the ED team interviewed staff from the Department of Children and Family Services; Department of Corrections; and Juvenile

Justice Commission. For Subpart 2, the ED team interviewed Mercer County Special Services staff.

In its review of the Education for Homeless Children and Youth program, (Title X, Part C, Subtitle B), the ED team examined the State's procedures and guidance for the identification, enrollment and retention of homeless students, technical assistance provided to LEAs with and without subgrants, the State's McKinney-Vento application, and LEA applications for subgrants and local evaluations for projects in JCPS and TPS. The ED team also interviewed the NJDOE McKinney-Vento State coordinator to confirm information obtained at the local site and discuss administration of the program.

Previous Audit Findings: No State single audit issues to report.

Previous Monitoring Findings: ED last reviewed Title I programs in the NJDOE during the week of February 23-27, 2004. ED identified compliance findings in the following areas: (1) school improvement plans lacked some of the required components; (2) guidance provided for Abbott school districts directed that they must either implement schoolwide programs or submit a waiver to combine Federal, State and local funds and was also revised to clarify that only schools that implement schoolwide programs can combine Federal, State and local funds; (3) the NJDOE did not require that its LEAs determine comparability annually and did not review comparability reports for its LEAs at least biennially; (4) LEAs were incorrectly calculating the required reservation of funds under §200.77 of the Title I regulations. The NJDOE subsequently provided ED with documentation sufficient to address all compliance issues identified. Title I, Parts B and D and the Education for Homeless Children and Youth Program were not monitored as part of the 2004 review.

Overview of Public School Choice and SES Implementation

In its school year 2005-06 Consolidated State Performance Report (as of January 2007), the NJDOE reported that in school year 2006-07 there will be 259 schools in improvement, 100 in corrective action, and 65 in restructuring.

At the time of the onsite review, the NJDOE could not provide information about current participation data. The NJDOE does not have a process or an electronic data system in place to collect and maintain choice and SES participation data on a regular basis throughout the school year in order to make determinations about participation. At the district level, student participation information was often unavailable at the time of the visit. However, LEAs were able to compile the information either at the time of the visit or shortly thereafter.

The NJDOE has instituted stricter standards (as permitted by Federal law) and *requires* LEAs receiving Title I funds to offer SES in year two schools if choice is not feasible due to one of the following reasons: (1) district is a single attendance area having one grade span per school; (2) district does not have capacity; or (3) there are no high-performing schools in the district with comparable grade spans.

The NJDOE has posted on its Title I website policy and guidance documents related to public school choice and SES. The website also includes samples of parental notification letters, parent registration forms, contracts with SES providers, and links to Federal and other websites. Additionally, the NJDOE has developed a *Toolkit for Schools, Districts, And Providers to Implement Supplemental Educational Services Under NCLB*.

Public School Choice:

The NJDOE's LEAs offer several choice options in addition to public school choice offered under Title I, Part A. These include LEA charter schools or choice schools, including vocational schools, and interdistrict agreements to afford other choice options. Some LEAs offer open enrollment across all of the schools of the district that serve the same grades.

In the five LEAs visited, only one district, PAPS, reported that 10 students transferred to other schools. In JCPS, NBPS, and PPS, all or most schools are in improvement and there were either no schools or a limited number of schools eligible to receive students. Trenton considers its five schools in early warning (year 1 of not making adequate yearly progress (AYP)) as part of the "schools in improvement status" and, therefore, not eligible for student transfer under the school choice option. As such, there are no choice options for parents. Although the district could consider these schools as choice options, its decision to exclude them as choice options closes out any transfer options for parents.

During the parent interviews in PAPS, parents stated that even though they were offered a choice option under Title I, they were satisfied with their children's home schools and teachers. Additionally, parents felt a move to another school would disrupt established friendships and routines. Parents in PAPS and PPS noted that the letters informing them about their schools' improvement status were confusing; consequently, they didn't always understand the reasons why the school is in improvement.

Supplemental Educational Services:

The NJDOE has approved 147 providers for the 2006-2007 school year. The NJDOE updates its list of approved providers at least annually and posts the list on the NJDOE Web site. Providers may be accessed on this website by grade span, content area, and populations served. New provider applications were due to the NJDOE on February 28, 2007. Additionally, SES providers approved in 2003 and 2004 were to submit a renewal application by February 28, 2007.

The NJDOE has developed and implemented an SES evaluation that can be completed online and includes the following methods: (1) A survey completed by school districts that includes input from parents, students, and teachers; (2) a self-evaluation survey completed by approved SES providers; (3) assessment results of students receiving supplemental educational services; and (4) onsite visits conducted by the NJDOE to a selected sample of approved SES providers. Although the NJDOE collects this information, not all the information has been compiled into a comprehensive report that reflects the four data tools. For example, the most recent information available on the NJDOE's website is for the *SES Provider Self-Evaluation Survey Results for the 2004-2005 Project Period*.

The NJDOE has developed a *Toolkit for Schools, Districts, And Providers to Implement Supplemental Educational Services Under NCLB*. The toolkit is posted on the State's website. However, the toolkit is for the 2004-2005 school year, and has not been updated to reflect the current year.

During LEA interviews, staff in TPS and PSP noted that, although the NJDOE requires all providers to send monthly progress reports to a student's parents and teachers, providers are not consistently adhering to the monthly reporting requirements. LEA staff also noted a lack of communication and planning between the SES provider and the regular classroom teacher in both the development of the student learning plan and the alignment of SES tutoring services with regular classroom instruction.

Interviews with parents revealed the following concerns: (1) Several parents expressed a concern that the progress reports did not include specific student information that could assist them in understanding their children's progress; (2) parents in two LEAs indicated that their children did not receive the services that they expected them to receive -- in one case, a child in PAPS attended the wrong program for 30 days, and in PPS, a child was provided math and reading services, although the parent's expectation was that the focus would be concentrated solely on just one of the subjects; and (3) parents in PPS noted

concerns about SES beginning late in the year and that certain providers were unable to deliver services due to insufficient student enrollment.

Interviews with SES providers revealed that the most challenging issues are maintaining the attendance of the students, signing up students for the program, and low parent turnout for the provider fairs. Specific concerns included: (1) SES providers in JCPS and TPS noted that principals were often reluctant to make classroom space available for SES or that space may not be available due to the variety of district sponsored after school programs available to students; (2) several providers noted that there is no uniformity in the format and the manner SES contracts are developed and approved at the LEA level and that contracts are often delayed due to each LEA's approval process; (3) two providers noted that the State and LEAs are not helpful and felt threatened by the private sector providers; and (4) one provider noted that where LEAs are approved SES providers, the LEA appears to promote its SES program over other approved SES providers, thus providing an unfair advantage of encouraging parents to participate in the LEA's SES program.

Most providers reported starting the actual delivery of services in November; however, in several cases services did not begin until January due to verification of student eligibility data from the LEAs.

Overarching Requirement – SEA Monitoring

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

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

Status: Met requirements.

Recommendation: It is recommended that the NJDOE streamline its consolidated application review process and utilize or develop other more efficient mechanisms for monitoring some of the Title I requirements.

The NJDOE utilizes several mechanisms to collect and analyze NCLB implementation data from its LEAs, including reviews conducted by the Office of Fiscal Accountability and Compliance and the Office of Title I Planning and Accountability.

Many requirements under Title I of NCLB are reviewed as part of the State's consolidation application review and approval process conducted primarily by the Office of Grants Management and NJDOE field offices. These requirements include schoolwide plan content and many of the school improvement requirements under NCLB. The consolidated plan review involves a number of offices within the NJDOE, consists of two tiers and has been described by the LEAs and the NJDOE staff interviewed as complex and cumbersome. As a result, the ED team was told that few of the LEAs in the State had received their 2006 – 2007 Title I allocation at the time of the onsite review, and, it is expected that the application approval process will not be completed and funds not distributed until the end of the current school year or later. In many instances, the NJDOE will not review these requirements until the school year is over, which is too late for LEAs to correct compliance issues in a timely way.

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

Monitoring Area 1, Title I, Part A: Accountability			
Indicator Number	Description	Status	Page
1.1	SEA has approved system of academic content standards, academic achievement standards and assessments (including alternate assessments) for all required subjects and grades, or has an approved timeline for developing them.	Met Requirements	N/A
1.2	The SEA has implemented all required components as identified in its accountability workbook.	Findings Recommendations	8
1.3	The SEA has published an annual report card as required and an Annual Report to the Secretary.	Met Requirements	N/A
1.4	The SEA has ensured that LEAs have published annual report cards as required.	Met Requirements	N/A
1.5	The SEA indicates how funds received under Grants for State Assessments and related activities (section 6111) will be or have been used to meet the 2005-06 and 2007-08 assessment requirements of NCLB.	Met Requirements	N/A
1.6	The SEA ensures that LEAs meet all requirements for identifying and assessing the English language proficiency of limited English proficient students.	Met Requirements	N/A

Title I, Part A - Accountability

Indicator 1.2 - The SEA has implemented all required components as identified in its accountability workbook.

Finding (1): The NJDOE calculates but does not report participation data for schools with fewer than 40 students in the grades tested, as documented in its approved accountability workbook. This provision, however, has been interpreted to mean that no adequate yearly progress (AYP) determination is required for such small schools. A total of three schools did not have AYP determinations based on spring 2006 data.

Citation: Section 200.12 of the Title I regulations states, “The State’s accountability system must be effective in ensuring that all public elementary and secondary schools and LEAs in the State make AYP.”

Further action required: The NJDOE must develop a procedure to determine the AYP status of each public school, regardless of size. A description of the “second look” strategy developed for this purpose must be incorporated into the State’s accountability workbook and submitted for approval by ED.

Finding (2): Interviews with the NJDOE staff indicated that participation calculations are not fully consistent with current ED guidance. Student test scores may be voided for several reasons. All voids are considered invalid. These tests are assigned a zero score and included in the calculation of percent proficient. The student is also included in AYP calculations as a participant. Although the State may (but is not required to) continue the practice of assigning a zero score and including such scores in the calculation of percent proficient, students with invalid scores may not be included in the calculation of participation rate.

Citation: Sections 1111(b)(2)(C) and 1111(b)(3)(C) of the ESEA state, “Adequate yearly progress shall be defined by the State in a manner that applies the same high standards of academic achievement to all public elementary and secondary school students in the State” based on assessments that are “valid and reliable, [and] consistent with relevant, nationally recognized professional and technical standards.”

Further action required: The NJDOE must amend its practices related to the treatment of void and/or invalid scores in the calculation of participation rate in a manner consistent with current ED guidance. The State must also clarify the description of AYP calculations in its approved accountability workbook.

Recommendation (1): The New Jersey State Code currently permits LEAs to determine the criteria governing student exit from limited English proficient (LEP) status. As a result, variations occur from LEA to LEA and the district personnel interviewed were not

clear on the “rules” for determining the difference between LEP and former LEP. The NJDOE may wish to provide guidance in the form of exemplary practices or technical assistance to ensure that appropriate exit criteria are applied at the local level.

Recommendation (2): Interviews with the NJDOE and LEA personnel revealed concerns about local changes to school configurations that appeared to be an effort to evade accountability. For instance, an LEA had moved grade 8 out of a middle school building into a building that formerly housed only grades K through 2. In response to these concerns, the NJDOE is now in the process of drafting procedures that would restrict changes in school grade configurations that appear to be motivated by accountability alone. The NJDOE should act quickly to implement and monitor procedures to prevent inappropriate changes in school configuration based solely on accountability.

Monitoring Area 2, Title I, Part A: Program Improvement, Parental Involvement and Options			
Indicator Number	Description	Status	Page
2.1	The SEA has developed procedures to ensure the hiring and retention of qualified paraprofessionals.	Finding	11
2.2	The SEA has established a statewide system of support that provides, or provides for, technical assistance to LEAs and schools as required.	Met Requirements	N/A
2.3	The SEA ensures that LEAs and schools meet parental involvement requirements.	Finding	11
2.4	The SEA ensures that LEAs and schools identified for improvement, corrective action, or restructuring have met the requirements of being so identified.	Finding	12
2.5	The SEA ensures that requirements for public school choice are met.	Findings Recommendations	13
2.6	The SEA ensures that requirements for the provision of supplemental educational services (SES) are met.	Findings Recommendation	13
2.7	The SEA ensures that LEAs and schools develop schoolwide programs that use the flexibility provided to them by the statute to improve the academic achievement of all students in the school.	Recommendation	15
2.8	The SEA ensures that LEA targeted assistance programs meet all requirements.	Met Requirements	N/A

Title I, Part A
Area: Program Improvement, Parental Involvement, and Options

Indicator 2.1 - The SEA has developed procedures to ensure the hiring and retention of qualified paraprofessionals.

Finding: The NJDOE has not ensured that all paraprofessionals met the highly qualified requirements by the end of the 2005-2006 school year. The NJDOE does not have current data or other evidence to verify that each new and existing paraprofessional met the highly qualified requirements.

Citation: Section 1119(c)(1) of the ESEA requires that new paraprofessionals hired after the date of enactment of the No Child Left Behind Act of 2001 and working in a program supported with Title I funds shall have a) completed at least 2 years of study at an institution of higher education; b) obtained an associate's (or higher) degree; or c) met a rigorous standard of quality and can demonstrate, through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, reading, writing and mathematics; or knowledge of and the ability to assist in instructing, reading readiness, writing readiness, and mathematics readiness as appropriate. Section 1119(d) of the ESEA requires that all paraprofessionals hired before the date of enactment of the No Child Left Behind Act of 2001 and working in a program supported with Title I funds shall, not later than 4 years after the date of enactment satisfy the requirements of subsection (c) listed above.

Further action required: The NJDOE must provide documentation to ED indicating that all paraprofessionals working in programs supported with Title I funds meet the paraprofessional qualification requirements. Should the NJDOE determine that there are paraprofessionals working in programs supported by Title I funds during the 2006-2007 school year who do not meet the qualification requirements, it must provide evidence to ED of the steps it is taking to ensure that such individuals are not working in programs supported by Title I funds in the 2007-2008 school year.

Indicator 2.3 - The SEA ensures that LEAs and schools meet parental involvement and parental notification requirements.

Finding: Although the NJDOE has issued guidance to LEAs on the required components of parental notification for public school choice and SES, the notification letters issued to parents in JCPS, NBPS, and PAPS did not consistently include all of the required components. For example, parental notification letters in PAPS did not consistently indicate the school's improvement status (e.g., improvement, corrective action, or restructuring), but stated, "the school has not made AYP for three years, four years, etc." Further, letters in PAPS were dated August 2006 and did not specify the actual date letters were sent to parents.

Citation: Section 1116(b)(6) of the ESEA requires LEAs to promptly provide to parents an explanation of the identification of their child’s school that includes (1) how the school compares academically to other schools in the LEA and the State, (2) why the school has been identified, (3) what the school is doing to address the achievement problem, (4) what the LEA and SEA are doing to help the school to address the achievement problem, (5) how parents can be involved in addressing the achievement problem, and (6) parents’ options to transfer their child to another school, and, if applicable, obtain SES. Section 200.37(b)(ii) of the Title I regulations requires that the explanation of the parents’ option to transfer must include, at a minimum, information on the academic achievement of the school or schools to which the child may transfer.

Further action required: The NJDOE must provide LEAs with additional written guidance on the requirements of the notices to parents of children attending schools identified for improvement. The guidance must include a checklist of requirements and a sample of a parental notification letter that LEAs and schools may use to develop their notification letters. The NJDOE must provide a copy of this guidance to ED.

Indicator 2.4 - The SEA ensures that LEAs and schools identified for improvement, corrective action, and restructuring have met the requirements of their identification.

Finding: The NJDOE has not ensured that schools in restructuring (Ollie E. Culbreth, Jr. in JCPS) implement one of the prescribed alternative governance arrangements consistent with State law, and that the arrangement selected was reflected in the school improvement plan.

Citation: Section 1116(b)(8)(B) of the ESEA requires LEAS to implement, in schools that have failed to meet adequate yearly progress for 6 years, one of the following alternative governance arrangements for the school consistent with State law:

- Reopening the school as a public charter school.
- Replacing all or most of the school staff (which may include the principal) who are relevant to the failure to make adequate yearly progress.
- Entering into a contract with an entity, such as a private management company with a demonstrated record of effectiveness, to operate the public school.
- Turning the operation of the school over to the State if permitted under State law and agreed to by the State.
- Any other major restructuring of the school’s governance arrangement that makes fundamental reforms, such as significant changes in the school’s staffing and governance to improve student academic achievement in the school and that has substantial promise of enabling the school to make adequate yearly progress as defined in the State plan under section 1111(b)(2).

Further action required: The NJDOE must provide to ED a detailed plan with timeline for how it will ensure that LEAs and schools designated for restructuring are planning for restructuring and implementing restructuring as appropriate. The plan must include providing written guidance to all its LEAs with schools in improvement, corrective action, or restructuring, outlining the required actions which LEAs and schools must implement at each stage of the improvement process. Further, the NJDOE must provide evidence to ED that restructuring has been implemented all schools designated for restructuring implementation in the 2007-2008 school year.

Indicator 2.5 – The SEA ensures that requirements for public school choice are met.

Indicator 2.6 – The SEA ensures that requirements for the provision of supplemental educational services (SES) are met.

Finding (1): The SES learning plans reviewed in the LEAs did not consistently include detailed and specific student achievement goals and student progress measures. The student progress reports did not consistently provide specific information about student progress that would assist both parents and classroom teachers in understanding student progress and ensure that “students are improving their academic achievement and that instructional goals are being met.”

Further, although NJDOE requires all SES providers to sign an assurance that they will send monthly progress reports to a student’s parents and teachers, providers are not consistently adhering to the monthly reporting requirements. In certain districts these reports are used to facilitate the billing and reporting components of its provider contract. However, based on interviews with LEA staff and providers, providers are not consistently adhering to the monthly reporting requirements. Certain providers are submitting a report after so many hours of service and a final progress report, while others do an interim report and a final report.

Citation: Section 1116(e)(3) of the ESEA requires that a district's agreement with a provider must include detailed achievement goals for the individual student, a timeline for meeting the goals, a method to measure student progress, and a description of how parents and teachers will be regularly informed about student progress. The LEA must develop student goals in concert with the parents and the SES provider chosen by the parents. Section 1116e(5)(A) requires the SES provider to provide parents of children receiving SES and the LEA with information on the progress of the children in increasing achievement, in a format and, to the extent practicable, a language that parents can understand.

Further action required: The NJDOE must provide additional guidance to LEAs and providers regarding the State’s requirement for SES providers to prepare and distribute monthly student progress reports to parents and teachers. The NJDOE must provide ED with documentation that this guidance has been provided.

Finding (2): The NJDOE has an approved list of SES providers that includes one provider in bankruptcy status. The contractual requirements in TPS preclude the LEA from entering into a contract with any vendor in bankruptcy status. TPS may not remove or exclude a provider that is on the State’s list of approved providers.

Citation: Section 1116(e)(4)(C) requires SEAs to maintain an updated list of approved providers across the State, by school district, from which parents may select SES services. Once a provider is on the State-approved list, an LEA may not remove a provider from the list, require an additional approval, or impose additional program design requirements, except the requirement to abide by applicable local health, safety, and civil rights laws.

Further action required: The NJDOE must provide additional written guidance that instructs LEAs that they may not remove or exclude a vendor in bankruptcy status that is also on the State’s approved list of SES providers from providing SES services in the LEA, should parents select such provider. This guidance must describe the NJDOE’s criteria for determining whether a provider is “financially sound” for the purposes of providing SES and affirm that only the NJDOE, not LEAs, has the authority to withdraw an SES provider from the State-approved list. Further, in cases where an LEA learns that a provider may not be financially sound, the guidance should describe the process for the LEA to inform the NJDOE about such cases. The NJDOE must provide ED with documentation that this guidance has been provided.

Recommendation (1): The NJDOE should explore ways to collect and manage choice and SES participation data on a regular basis throughout the school year in order to make determinations about participation. Ongoing collection of participation data would assist NJDOE in conducting an analysis of district NCLB choice and SES participation rates and, when such rates are low, review LEA implementation practices to determine the cause and establish methods and procedures to increase these rates where applicable.

Recommendation (2): The NJDOE should consider revisiting the 5 percent cap on local administrative costs to study the feasibility of raising this cap to help districts meet the administrative responsibilities of choice and SES. Interviews with LEA staff revealed that local staff feel the *5 percent cap* on Title I administrative funds constrains them from hiring additional staff to help with the data collection, collection and processing of SES invoices, and marketing both choice and SES, including planning provider fairs.

Recommendation (3): The NJDOE should consider ways to expand opportunities to enhance marketing and communication about SES with district staff, school principals, and providers. Interviews with LEA staff and providers revealed that the procedures and expectations vary across districts for developing and executing SES contracts, individual student learning plans, student progress reports, and marketing SES through provider fairs, back to school nights, newspapers, radio, and public service announcements. To facilitate communication and coordination, several LEA staff recommended that the NJDOE consider convening statewide or regional meetings that bring together local Title I coordinators, school principals, and SES providers in the same room to discuss federal and State requirements for SES, including expectations for learning plans, processing of payments, and marketing strategies to promote the maximum participation by parents.

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

Indicator Number	Description	Status	Page
3.1	SEA complies with— <ul style="list-style-type: none"> ▪ The procedures for adjusting ED-determined allocations outlined in sections 200.70 – 200.75 of the regulations. ▪ The procedures for reserving funds for school improvement, State administration, and (where applicable) the State Academic Achievement Awards program. ▪ The reallocation and carryover provisions in section 1126(c) and 1127 of Title I statute. 	Met Requirements	N/A
3.2	SEA ensures that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program.	Finding	17
3.3	SEA ensures that all its LEAs comply with the requirements in section 1113 of the Title I Statute and sections 200.77 and 200.78 of the regulations with regard to (1) Reserving funds for the various set-asides either required or allowed under the statute, and (2) Allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible attendance area.	Met Requirements Recommendation	17
3.4	<ul style="list-style-type: none"> ▪ SEA complies with the maintenance of effort (MOE) provisions of Title I. ▪ SEA ensures that its LEAs comply with the comparability provisions of Title I. ▪ SEA ensures that Title I funds are used only to supplement or increase non-Federal sources used for the education of participating children and do not supplant funds from non-Federal sources. 	Findings Recommendation	17
3.5	SEA ensures that its LEAs comply with all the auditee responsibilities specified in Subpart C, section 300(a) through (f) of OMB Circular A-133.	Met Requirements	N/A
3.6	SEA ensures that its LEAs comply with requirements regarding services to eligible private school children, their teachers and families.	Findings	19
3.7	SEA complies with the requirement for implementing a system for ensuring prompt resolution of complaints.	Findings	25
3.8	SEA complies with the requirement to establish a Committee of Practitioners and involves the committee in decision-making as required.	Met Requirements	N/A

Title I, Part A
Area: Fiduciary Responsibilities

Indicator 3.2 – The SEA ensures that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program.

Finding: The NJDOE did not ensure that it reviewed and approved local applications for Title I, Part A funds in a timely manner. Interviews with NJDOE officials and with administrators in both JCPS and NBPS indicated that the applications for these districts had not been approved nor had the NJDOE provided the full funding for Title I for the 2006-2007 school year as of the time of the onsite review. Further discussions with the NJDOE revealed that the current application review process has several ‘levels’ of review, is time-consuming, and has been further delayed by problems with the electronic submissions process. The ED team was informed that the application review process would not be completed until late spring or, in some cases, after the end of the current school year. The team was further informed that a number of district applications for the 2005-2006 school year had not been reviewed nor had these funds been released.

Citation: Section 1112 of the ESEA requires the SEA to ensure that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program.

Further action required: The NJDOE must revise its process for review and approval of LEA applications for Title I funding to ensure that all applications are reviewed and funds made available to LEAs in a timely manner and must provide ED with a detailed description of this process, including projected timelines. The NJDOE must also ensure that it has approved all outstanding applications for the 2005-2006 and the 2006-2007 school years and provide access to Title I funding for all eligible LEAs and provide evidence to ED that it has done so.

Indicator 3.3 - Within District Allocation Procedures

Recommendation: The 2007–2008 School Based Budget Statement manual for Abbott Schools includes other Federal revenue sources such as Title II and Title IV, but does not include Title I as a revenue source. Since Title I is a major source of funds, the NJDOE should consider revising its School Based Budget Statement manual for Abbott Schools to include Title I.

Indicator 3.4 - Fiscal Requirements: Maintenance of Effort (MOE), Comparability Supplement not Supplant

Finding (1): The NJDOE has not ensured that its LEAs comply with requirements related to maintenance of effort (MOE). Documentation reviewed by ED staff did not

support the per pupil expenditure figures in the State MOE report. In reviewing the MOE report (dated June 5, 2006), which compared expenditures for 2003–2004 with expenditures for 2004–2005, ED staff discovered that the MOE computer run for the Abbott districts did not include the School Appropriation file for their schools.

The NJDOE’s policy regarding MOE does not define what is included and excluded in current expenses for the purposes of calculating MOE. “Net state and local expenditure” and “net expenditure per pupil” are allocated on State MOE printouts, yet, directions for calculating “net expenditures” include Federal funds.

Citation: Section 1120A(a) of the ESEA and section 299.5(d)(1) of the Title I regulations require that, in determining whether an LEA has maintained fiscal effort, an SEA must consider the LEA’s expenditures from State and local funds for free public education. An LEA may receive its full allocation of Title I, Part A funds for any fiscal year only if the SEA determines that the LEA has maintained its fiscal effort in accordance with section 9521 of the ESEA.

Section 9521 provides that an LEA may receive funds under Title I, Part A for any fiscal year only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of the LEA and the State with respect to the provision of free public education by the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year.

Those expenditures include expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. An LEA has maintained fiscal effort if it meets either of these two tests – aggregated expenditures or expenditures per pupil.

Further action required: The NJDOE must submit to ED updated MOE calculations for Title I funds that became available as of July 1, 2006. Additionally, the NJDOE must provide documentation to ED that it has updated its policy and guidance to LEAs for calculating MOE.

Finding (2): The NJDOE has not ensured that its LEAs meet requirements related to comparability. NBPS and JCPS staff interviewed by ED indicated that they use projected figures rather than actual enrollment figures in calculating comparability.

The NJDOE guidance for meeting comparability does not address how Title I schools that operate schoolwide programs and consolidate funds from several sources (Fund 15) are to calculate comparability.

Citation: Section 1120A(c) of the ESEA states that an LEA may only receive Title I, Part A funds only if State and local funds are used in participating Title I schools to provide services that, taken as a whole, are at least comparable to services in non-Title I schools. If the LEA files a written assurance that it has established and implemented a

districtwide policy to ensure equivalence among schools in staffing, it must keep records to document that the policy was, in fact, implemented and that the calculations demonstrate that equivalence was achieved among schools in staffing. Therefore, actual enrollment and staff figures rather than projected figures should be used in the final comparability calculations.

Further action required: The NJDOE must provide to ED documentation that, for the 2007-2008 school year, it has provided guidance to its LEAs that actual enrollment and staff figures rather than projected figures must be used in the final comparability calculations. The NJDOE must also provide ED with a description of how it will ensure that this requirement is implemented.

Recommendation: The NJDOE should consider revising its comparability guidance to include information on how LEAs that have schools that consolidate funds under a schoolwide program are to calculate comparability.

Finding (3): The NJDOE has not ensured that its LEAs use Title I funds to supplement and not supplant.

- Information provided by NBPS regarding carryover funds indicated that Title I funds were providing for the development of high school benchmarks and curriculum. This is a district responsibility and should not be funded by Title I.
- At one of the private school in JCPS, some students received Title I mathematics, resulting in Title I supplanting the instruction that should be provided by the private school.

Citation: Section 1120A(b) of the ESEA requires a State educational agency or local educational agency to use Federal Title I funds only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students participating in programs assisted under Title I, and not to supplant such funds.

Further action required: The NJDOE must ensure that its LEAs use Title I funds to supplement and not supplant State and local funds. The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of this requirement. This documentation must include letters to LEAs or agendas for technical assistance meetings. The NJDOE must also provide ED with a description of how it will ensure the correct implementation of this requirement.

Additional issue warranting further discussion: We noted a potential supplement not supplant issue with respect to the allocation of Title I funds to schools in Abbott district that requires further discussion with NJDOE. JCPS and NBPS staff indicated that State and local dollars are not allocated first to meet Abbott requirements. Rather, Title I funds are allocated to Title I schools first. State and local funds are then added in order that,

when considering Title I, State, and local dollars together, each school has met Abbott/State requirements. This process was confirmed through interviews with the NJDOE staff. We will address this matter separately with NJDOE.

Recommendation: The NJDOE guidance related to Title I audit and sample calculations for District Audit Calculation of Maintenance of Effort was for fiscal year 1999–2000 and does not reflect changes in current expense formula. The NJDOE should consider revising this guidance to accurately reflect the current expense formula.

3.6 – Services to Students Attending Private Schools

Finding (1): The NJDOE has not ensured that its LEAs provide equitable services to private school students, teachers and their families. Although the Consolidated Funding Application uses figures provided by the LEA to calculate the required amounts for professional development and parental involvement activities, private school officials in NBPS, JCPS and TPS indicated that they were unaware of any Title I funds that were to be used to provide professional development and parental involvement activities for the teachers and families of participating private school students. Private school officials in these three LEAs also indicated that, as of the date of the visit, no professional development or parental involvement activities had been discussed or provided.

Citation: Section 200.65 of the Title I regulations requires that, from the funds reserved for parental involvement and professional development under section 200.77, an LEA must ensure that teachers and families of participating private school students participate on an equitable basis in professional development and parental involvement activities. Activities for families and teachers of private school students must be planned and implemented after meaningful consultation with private school officials. The professional development activities for the private school teachers of participating students should address how those teachers can better meet the specific needs of Title I students. The parental involvement activities for families of participating private school students should address how those families can assist their children in meeting high academic standards.

Further action required: The NJDOE must ensure that its LEAs provide equitable services to private school teachers and families of participating children. The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of this requirement. This documentation must include letters to LEAs or agendas for technical assistance meetings. The NJDOE must also provide to ED a description of how it will ensure the correct implementation of this requirement. The NJDOE must provide to ED documentation that staff from JCPS, NBPS and TPS have consulted with private school officials regarding, but not limited to: 1) the amount of funds generated for these activities for the 2007–2008 school year; and 2) the activities that will be provided for the teachers and families of participating private school students including a timeline. Additionally, since no professional development or parental involvement activities had been planned or implemented as of the date of the monitoring visit, the NJDOE must provide ED with documentation that JCPS, NBPS and TPS have either provided the

required parental involvement and professional development activities during the 2006–2007 school year, or carried over the required amounts to be added to the funds generated for these activities for the 2007–2008 school year.

Finding (2): The NJDOE has not ensured that its LEAs consult with private school officials before the LEA makes any decision that affects the opportunity for eligible private school students, their teachers and families to participate in Title I programs.

- JCPS staff were not able to produce affirmation of consultation forms for the current school year.
- None of the private school officials interviewed in JCPS, NBPS or TPS were aware of the amount of Title I funds generated for instructional services.
- The New Jersey Consolidated Formula SubGrant Reference Manual states that, “At the end of the grant period, any expended funds that were designated for services to the nonpublic school students and teachers may be carried over and utilized in the following fiscal year *only* by the specific nonpublic school or may be refunded to the NJDOE.” (page 74)
- All private school officials who were interviewed were not aware that they were also to be consulted regarding whether they wished to pool their funds or whether they wanted funds generated by students in their schools to be used to provide services to the students in their school.
- One private school official in JCPS and two officials in NBPS indicated that they were sent the surveys and asked to send them out to parents. These same officials reported that there was no consultation regarding what low-income data would be used and whether the LEA would extrapolate the data provided.
- Private school officials in JCPS, NBPS and TPS indicated that they were unaware of when the LEA made decisions about the delivery of services.
- One private school official in NBPS indicated that there had been no discussion with the district concerning who would provide the services.
- Private school staff from JCPS and NBPS indicated that they had been provided with the selection criteria by the district but had no discussion with LEA staff regarding this issue.

Citation: Section 200.63 of the Title I regulations requires that consultation must, at a minimum, address the following issues:

- How the LEA will identify the needs of eligible private school children.
- What services the LEA will offer to eligible private school children.

- How and when the LEA will make decisions about the delivery of services.
- How, where, and by whom the LEA will provide services to eligible private school children.
- How the LEA will assess academically the services to private school children and how the LEA will use the results of that assessment to improve Title I services.
- The size and scope of the equitable services that the LEA will provide to eligible private school children and the proportion of its Title I funds that the LEA will allocate for these services and the amount of funds that the LEA reserves from its Title I allocation for the purposes listed in section 200.77 of the Title I regulations.
- The method, or the sources of data, that the LEA will use to determine the number of private school children from low-income families residing in participating public school attendance areas, including whether the LEA will extrapolate data if a survey is used.
- The services the LEA will provide to teachers and families of participating private school children.

Consultation must also include – –

- A discussion of service delivery mechanisms the LEA will use to provide services; and
- A thorough consideration and analysis of the views of the private school officials on whether the LEA should contract with a third-party provider.

Consultation must occur before an LEA makes any decision that affects the opportunity for eligible private school children, their teachers, and their families to participate in the Title I program.

Section 200.63(e)(1) of the Title I regulations requires each LEA to maintain and provide to the SEA a written affirmation signed by the officials of each participating private school that the required consultation has occurred.

In addition, section 200.64(a)(2)(ii)(A-B) of the Title I regulations requires LEAs to reserve funds generated by private school children, and, in consultation with private school officials, may:

- Combine those amounts, along with funds generated by students in other private schools to create a pool of funds from which the LEA provides equitable services

to eligible private school children, in the aggregate, in greatest need of those services; or

- Provide equitable services to eligible children in each private school with the funds generated by children who attend that private school.

Since the decision to pool or not pool Title I funds, including carryover funds, is a decision that is required to be made by the LEA in consultation with private school officials, the NJDOE may not dictate that Title I funds must be carried over and utilized in the following fiscal year *only* by the specific private school.

Further action required: The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of this requirement. This documentation must include letters to LEAs or agendas for technical assistance meetings. The NJDOE must also provide to ED a description of how it will ensure the correct implementation of this requirement. The NJDOE must submit evidence to ED that it has revised The New Jersey Consolidated Formula SubGrant Reference Manual to accurately provide information to its LEAs on these issues. In addition, the NJDOE must submit to ED evidence that, for the 2007–2008 school year, JCPS, NBPS and TPS have met the consultation requirements.

Finding (3): The NJDOE has not ensured that its LEAs establish, in consultation with private school officials, multiple educationally related objective criteria to identify private school students for Title I services. In interviews with ED staff, private school staff from JCPS and NBPS indicated that students were selected using a single criterion rather than multiple criteria.

Citation: Section 200.62(b)(1) of the Title I regulations requires that, to be eligible for Title I services, a private school student must reside in a participating public school attendance area and meet the requirements in section 1115(b) of the ESEA which requires the LEA to use multiple, educationally related, objective criteria in selecting children to participate in the Title I program.

Further action required: The NJDOE must provide ED with evidence that it has provided guidance on the selection of private school students to its LEAs serving private school children. The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of this requirement. This documentation must include letters to LEAs or agendas for technical assistance meetings. The NJDOE must also provide ED with a description of how it will ensure the correct implementation of this requirement.

Finding (4): The NJDOE has not ensured that its LEAs have met the requirements for evaluation of the Title I program for private school students including what constitutes annual progress for the Title I program serving eligible private school children.

- The New Jersey Consolidated Formula Subgrant Reference Manual (page 74) states that, “ At the end of the project period, nonpublic schools that have received services must report an evaluation of these activities to the LEA which will allow the LEA to include this information in the subsequent year’s planning.”
- Although private schools in JCPS and NBPS assess individual students, neither had determined in consultation with district staff how the Title I program that is provided to private school children will be assessed, what the agreed upon standards are, and how the annual progress will be measured.

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

The evaluation of the Title I program being provided to students attending private schools is an LEA responsibility, and cannot be delegated to the private schools.

Further action required: The NJDOE must ensure that each LEA serving private school students consult with private school officials, and that as part of the consultation process make a determination as to what standards and assessments will be used by that LEA to measure the annual progress of the Title I program for private school children. The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of this requirement. This documentation must include any letters to LEAs or agendas for technical assistance meetings. The NJDOE must provide ED with a description of how it will ensure the correct implementation of this requirement. In addition, the NJDOE must provide ED with documentation that it has revised its New Jersey Consolidated Formula Subgrant Reference Manual to accurately reflect the requirements for LEA evaluation of the Title I program being provided for private school students.

Finding (5): The NJDOE has not ensured that its LEAs maintain control of the Title I program for eligible private school children.

- At one private school visited in JCPS, equipment, materials and supplies purchased with Title I funds for use in the private schools were not labeled as property of the district.
- Private school officials interviewed in NBPS and TPS indicated that, as of the date of the visit, no LEA staff member had monitored the program being provided by third-party contractors for students in their schools.
- Private school officials at one school in JCPS reported that the principal signs off on the timesheet of the Title I staff member.

Citation: Section 1120(d)(1) of the ESEA requires that the LEA maintain control of the Title I funds, materials, equipment and property. Section 1120(d)(2) of the ESEA requires that the Title I services be provided by an employee of the LEA or by an employee through a contract by the LEA. The statute also requires that the employee shall be independent of the private school and of any religious organization. State and local government requirements for equipment are set forth in section 80.32(d) of the Education Department General Administrative Regulations (EDGAR), which requires that a control system must be developed that ensures adequate safeguards to prevent loss, damage, or theft of the property. These controls are essential given that the property is located in space at private school sites and there can be misuse of the equipment and property by the private school officials if improperly labeled. The LEA is required under section 1120(d)(1) of the ESEA to administer all property purchased with Title I funds.

Further action required: The NJDOE must require its LEAs serving private school children to maintain control of the Title I program for the eligible private school children. The NJDOE must provide ED with a detailed description of how and when the NJDOE informed its LEAs of these requirements. This description must include any documents such as letters to LEAs and/or agendas for technical assistance meetings. The NJDOE must provide to ED information on procedures they will use to ensure the correct implementation of these requirements. The NJDOE must submit evidence to ED that JCPS has established a control system for properly tagging all property and equipment purchased with Title I funds and located at private school sites with the words “Property of _____ County Public Schools” placed on labels that cannot be either erased and/or removed. The NJDOE must also provide evidence to ED that it has informed JCPS to immediately cease the practice of having private school officials sign the timesheets of Title I staff.

Recommendation: Currently, the NJDOE has a sample affirmation form for consultation that it provides to its districts. The form covers consultation for Titles I – V. Private school officials may have been consulted on one of the topics for Title V or III, but not Title I, and there is no way to record that information on the form. The NJDOE should consider developing a separate form for Title I that contains all the required topics.

Indicator 3.7 – The SEA complies with the requirement for implementing a system for the prompt resolution of complaints.

Finding (1): The NJDOE has not established a statewide mechanism for receiving and resolving complaints, nor has it ensured that its LEAs have developed complaint procedures. Interviews with administrative staff in JCPS and private school officials in both JCPS and NBPS indicated they did not have a copy of any complaint procedure, nor were they aware of any complaint policy and procedure. Further, interviews with the NJDOE staff indicated that statewide complaint procedures had been developed;

however, they had not received final State Board approval, nor had they been distributed or made available to LEAs in the State.

Citation: Section 9304(a)(3)(C) of the ESEA requires States to adopt written procedures for the receipt and resolution of complaints alleging violations of law in the administration of programs. This provision is required under the general applicability of State educational agency assurances whereby a State educational agency, in consultation with the Governor of the State, that submits a consolidated State plan or consolidated State application shall have on file with the Secretary a single set of assurances, applicable to each program for which the plan or application is submitted

Further action required: The NJDOE must provide to all its LEAs a copy of the written procedures for the receipt and resolution of complaints as well as a plan for disseminating this information to private school officials. The NJDOE must also provide ED with a copy of these procedures, and a description of how and when this information was disseminated.

Finding (2): The NJDOE complaint procedures do not meet the requirements under Section 9503 of the ESEA. The NJDOE complaint procedures indicate that complaints against NJDOE should be submitted to the NJDOE or the U.S. Office of Hearings and Appeals. The Office of Hearings and Appeals no longer exists and the office that replaced it, Office of Administrative Law Judges, only hears appeals related to audit determinations and some other matters. They do not review program administration complaints.

Citation: Section 9503 of the ESEA requires that individuals or organizations should submit complaints to State educational agencies for a written resolution by the State educational agency within a reasonable period of time. The section further indicates that the resolution may be appealed by an interested party to the Secretary not later than 30 days after the State educational agency resolves the complaint or fails to resolve the complaint within a reasonable period of time. The appeal shall be accompanied by a copy of the State educational agency's resolution, and a complete statement of the reasons supporting the appeal.

Further action required: The NJDOE must amend its complaint procedures in two places to state that complaints alleging a violation of the administration of the program by NJDOE and an appeal of a resolution of the complaint by NJDOE be submitted to: Secretary of the U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202. The complaint procedures should indicate also that the resolution may be appealed to the Secretary not later than 30 days after the NJDOE resolves the complaint or fails to resolve the complaint within a reasonable period of time. The NJDOE must submit the amended complaint procedures to ED.

**Summary of Title I, Part B, Subpart 3 (Even Start)
Monitoring Indicators**

Monitoring Area 1, Title I, Part B, Subpart 3: Accountability			
Indicator Number	Description	Status	Page
1.1	The SEA complies with the subgrant award requirements.	Met Requirements	N/A
1.2	The SEA requires applicants to submit applications for subgrants with the necessary documentation.	Met Requirements	N/A
1.3	In making non-competitive continuation awards, the SEA reviews the progress of each subgrantee in meeting the objectives of the program and evaluates the program based on the indicators of program quality, and refuses to award subgrant funds to an eligible entity if the agency finds that the entity has not sufficiently improved the performance of the program.	Met Requirements Recommendation	29
1.4	The SEA develops indicators of program quality for Even Start programs, and uses the Indicators to monitor, evaluate, and improve projects within the State.	Met Requirements	N/A
1.5	The SEA ensures that projects provide for an independent local evaluation of the program that is used for program improvement.	Met Requirements	N/A
1.6	The SEA reports to ED in a timely manner using the required performance measures and ensures that local projects are assessing the progress of their participants using those measures.	Met Requirements	N/A
1.7	The SEA ensures compliance with all Even Start program requirements.	Met Requirements Recommendation	29

Monitoring Area 2, Title I, Part B, Subpart 3: Program Support

Indicator Number	Description	Status	Page
2.1	The SEA uses funds to provide technical assistance to local projects to improve the quality of Even Start family literacy services and comply with State indicators of program quality.	Met Requirements	N/A
2.2	Each program assisted shall include the identification and recruitment of eligible families.	Met Requirements	N/A
2.3	Each program assisted shall implement all 15 program elements.	Findings	29
2.4	The SEA ensures that all families receiving services participate in all four core instructional services.	Met Requirements	N/A

Monitoring Area 3, Title I Part B, Subpart 3: SEA Fiduciary Responsibilities			
Indicator Number	Description	Status	Page
3.1	The SEA complies with the allocation requirements for State administration and technical assistance and award of subgrants.	Met Requirements Recommendation	30
3.2	The SEA ensures that subgrantees comply with statutory and regulatory requirements on uses of funds and matching.	Met Requirements	N/A
3.3	The SEA complies with the cross-cutting maintenance of effort provisions.	Met Requirements	N/A
3.4	The SEA ensures that grantees comply with requirements with regard to services for eligible private school children, their teachers, and their families.	Met Requirements	N/A
3.5	The SEA has a system for ensuring fair and prompt resolution of complaints and appropriate hearing procedures.	Met Requirements	N/A

Title I, Part B, Subpart 3 (Even Start)

Monitoring Area: Accountability

Indicator 1.3 – In making continuation awards, the SEA reviews the progress of each subgrantee in meeting the objectives of the program and evaluates the program based on the indicators of program quality, and refuses to award subgrant funds to an eligible entity if the agency finds that the entity has not sufficiently improved the performance of the program.

Recommendation: The NJDOE bases its continuation awards on the progress of each project towards program and performance indicators; however, the NJDOE has not provided a clear definition of sufficient progress that is understood by project staff. It is recommended that the NJDOE develop a process for determining sufficient progress that is understood by all project staff.

Indicator 1.7 – The SEA ensures compliance with all Even Start program requirements.

Recommendation: The NJDOE has very detailed monitoring tools but several of the 15 required program elements are not included. In order to ensure compliance in all areas required by the Even Start legislation, it is recommended that the NJDOE address the following issues in its monitoring tools: 1) eligibility of participants; 2) flexible scheduling; and 3) screening and preparation of parents and children.

Monitoring Area: Instructional Support

Indicator 2.3 – Each program assisted shall implement all 15 program elements.

Finding (1): The NJDOE is not providing adequate guidance to projects on effective levels of intensity of instructional services. Currently, the NJDOE requires 7 hours per month of interactive literacy activities, parenting, and home-based instruction. ED recommends a total of 20 hours a month for these components. The NJDOE requires 26 hours per month of adult education, compared to ED's recommendation of 60 hours per month. The NJDOE does not require a specific number of hours for early childhood education. Based on documentation reviewed during the monitoring visit, one of the projects was not providing an adequate intensity of instructional services in adult education.

Citation: Section 1235(4) of the ESEA states that each project must provide high-quality, intensive instructional programs that promote adult literacy and empower parents to support the educational growth of their children, developmentally appropriate early childhood services, and preparation of children for success in regular school programs. Each of the four core components is considered an instructional program.

Further action required: The NJDOE must develop, submit, and implement an action plan to ensure that local projects provide intensive instructional programs in all four components.

Finding (2): The NJDOE has not required project directors to complete training in administering a family literacy program.

Citation: Section 1235(5)(A)(ii) of the ESEA states, “the individual responsible for administration of family literacy services has received training in the operation of a family literacy program.”

Further action required: The NJDOE must ensure that every project director has completed training in administering a family literacy program. Written guidance must be sent to each project, and submitted to ED, that explains this requirement. In addition the NJDOE must submit to ED a schedule for when this training will be provided for each project director who has not participated in the training.

Monitoring Area: SEA Fiduciary Responsibilities

Indicator 3.1 – The SEA complies with the allocation requirements for State administration and technical assistance and award of subgrants.

Recommendation: It is recommended that the NJDOE accounting system provide more information on the purpose for which State technical assistance funds are used to ensure that all technical assistance funds are used for purposes that meet the requirements of ESEA. Unless the NJDOE is providing the technical assistance for the purpose of monitoring, evaluating, and improving local projects based on the State performance indicators, section 1233(a)(2) of ESEA requires that technical assistance funds be expended through a subgrant or contract, and section 1234(c) of ESEA provides that technical assistance funds be expended through a grant, contract, or cooperative agreement with a qualified entity.

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

Neglected, Delinquent or At-Risk of Dropping-Out Program			
Indicator Number	Description	Status	Page
Indicator 1.1	The SEA has implemented all required components as identified in its Title I, Part D (N/D) plan.	Met Requirements	N/A
Indicator 1.2	The SEA ensures that State Agency (SA) plans for services to eligible N/D students meet all requirements.	Met Requirements	N/A
Indicator 1.3	The SEA ensures that Local Educational Agency (LEA) plans for services to eligible N/D students meet all requirements.	Met Requirements	N/A
Indicator 2.1	The SEA ensures that institutionwide programs developed by the SA under Subpart 1 use the flexibility provided to them by law to improve the academic achievement of all students in the school.	Met Requirements	N/A
Indicator 3.1	The SEA ensures each State agency has reserved not less than 15 percent and not more than 30 percent of the amount it receives under Subpart 1 for transition services.	Finding	32
Indicator 3.2	The SEA conducts monitoring of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements.	Finding	33

Indicator 3.1 - The SEA ensures each State agency has reserved not less than 15 percent and not more than 30 percent of the amount it receives under Subpart 1 for transition services.

Finding: The ED team found that the Department of Children and Family Services, the Department of Corrections and the Juvenile Justice Commission have not demonstrated a required 15-30 percent reservation of funds for transition services.

Citation: Section 1418(a) of the ESEA states that each State agency shall reserve not less than 15 percent and not more than 30 percent of the amount such agency receives under this subpart for any fiscal year to support - (1) projects that facilitate the transition of children and youth from State-operated institutions to schools served by local educational agencies; or (2) the successful reentry of youth offenders, who are age 20 or younger and have received a secondary school diploma or its recognized equivalent, into postsecondary education, or vocational and technical training programs, through strategies designed to expose the youth to, and prepare the youth for, postsecondary education, or vocational and technical training programs.

Further action required: As the NJDOE plans to have a budget line for 2007-2008 to ensure that Part D programs identify a reservation of funds for transition services, ED requires the NJDOE to provide technical assistance to SAs to attribute such funds to appropriate transition activities in its application to the SEA; and submit such application to ED for review.

Indicator 3.2 - The SEA conducts monitoring of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements.

Finding: The ED team found that the NJDOE has not sufficiently conducted monitoring of the Title I, Part D, Subparts 1 and 2 program grantees to ensure that they are meeting all requirements. In a review of State agency Subpart 1 programs there was no evidence of NJDOE compliance monitoring activities. In review of LEA Subpart 2 programs, ED was provided with a notification and survey document that included among other item, that districts are responsible for monitoring local programs. However, ED was not able to determine if this is the SEA monitoring protocol used for reviewing Subpart 2 programs, or if there is another document used for this purpose. NJDOE stated that two LEAs had been monitored in the past two years for these purposes. The staff did not receive any completed LEA monitoring protocols and post-monitoring reports.

Citation: Section 1414 of the ESEA requires that State plans contain assurances that programs assisted under Title I, Part D will be carried out in accordance with the State plan. Additionally, the SEA is required to ensure that the State agencies and local educational agencies receiving Part D subgrants comply with all applicable statutory and regulatory progress in identified areas. Finally, section 9304(a) of the ESEA requires that the SEA ensure that programs authorized under the ESEA are administered with all applicable statutes, regulations, program plans and applications.

Further action required: The NJDOE must provide a plan to ED that indicates how it will (1) implement a monitoring process that determines whether the Title I, Part D, Subpart 1 programs are complying with Part D requirements; and (2) provide ED with information on how it has carried out or how it will carry out comprehensive monitoring to ensure that both Subparts 1 and 2 programs implement appropriate requirements.

Summary of McKinney-Vento Homeless Education Program Monitoring Indicators

McKinney-Vento Homeless Education Program			
Indicator Number	Description	Status	Page
Indicator 1.1	The SEA collects and reports to ED assessment data from LEAs on the educational needs of homeless children and youth.	Finding	34
Indicator 2.1	The SEA implements procedures to address the identification, enrollment and retention of homeless students.	Finding	35
Indicator 2.2	The SEA provides, or provides for, technical assistance for LEAs to ensure appropriate implementation of the statute.	Met Requirements	N/A
Indicator 3.1	The SEA ensures that LEA subgrant plans for services to eligible homeless students meet all requirements.	Finding Recommendation	35
Indicator 3.2	The SEA ensures that the LEA complies with providing comparable Title I, Part A services to homeless students attending non-Title I schools.	Met Requirements	N/A
Indicator 3.3	The SEA has a system for ensuring the prompt resolution of disputes.	Met Requirements	N/A
Indicator 3.4	The SEA conducts monitoring of LEAs with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.	Finding	36

Indicator 1.1 - The SEA collects and reports to ED assessment data from LEAs on the educational needs of homeless children and youth.

Finding: ED has annually collected data from States on the McKinney-Vento program, first through an approved Office of Management and Budget (OMB) collection form and recently through the Consolidated State Performance Report (CSPR). The NJDOE has not reported all required data in the CSPR in a timely manner. Ten LEAs with subgrants have not reported data to the NJDOE as of the date of the onsite review, even though the data were due to ED in December 2006. Additionally, no academic data for LEAs with subgrants were reported in the CSPR.

Citation: 42 USC 11432 section 722(f)(3) requires the collection and transmittal to ED a report containing information ED determines is necessary to assess the educational needs of homeless children and youths within the State.

Further action required: The NJDOE must amend the 2006 CSPR to include all required data and assure that future data collected for this program will be entered completely, and in a timely manner, and must provide evidence to ED that this has occurred.

Indicator 2.1 - The SEA implements procedures to address the identification, enrollment and retention of homeless students.

Finding: The ED team found that 60 percent of the NJDOE coordinator’s time is spent for homeless education; however the position is paid at 75 percent for such activities.

Citation: Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Section E states: Direct Costs are those that can be identified specifically with a particular final cost objective. The costs must be allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received. Compensation such as salaries is allocable for employees for the time devoted and identified specifically to the performance of activities for grant awards.

Further action required: EDGAR Cost Principles require charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit. Documentation of the compensation for homeless education coordinator for 2006-2007 in support of the NJDOE McKinney-Vento Homeless Assistance grant must be provided to ED. The NJDOE must assure that 2006-2007 and subsequent yearly costs charged to the McKinney-Vento program are allocable under Federal cost principles.

Recommendation: The ED team observed that JCPS, a former grantee, is unaware of the numbers of families that are homeless, but not living in shelters or hotels. This was one of the factors that led to JCPS not qualifying for a new three-year subgrant. ED recommends that the NJDOE Homeless Coordinator provide technical assistance and support to the JCPS homeless education liaison to assist with identification of homeless children and youth.

Indicator 3.1 - The SEA ensures that LEA subgrant plans for services to eligible homeless students meet all requirements.

Finding: Annual formula grant funds are provided to States on July 1 to operate programs; however, the NJDOE has not provided McKinney-Vento LEA grantees funding in a timely manner. LEAs stated that they could not implement parts of their plan, such as hiring after-school tutors, for several months after the start of the grant, or needed local district permission to borrow funds from other sources until funding was received, in some cases, months after the start of the school year.

Citation: 42 USC 11433 section 723(c) states: “The State educational agency shall, in accordance with the requirements of this subtitle and from amounts made available to it under section 726, make competitive subgrants to local educational agencies that submit applications...”

Further action required: The NJDOE must provide ED with documentation to demonstrate that LEAs are provided with subgrant funding in a timely manner and that such funding is available throughout the school year.

Recommendation: The ED team observed that Camden School District and JCPS do not have a homeless education subgrant for the next three years. Given the number of disadvantaged children in both districts and potentially high number of homeless children, ED recommends that the NJDOE Homeless Coordinator provide technical assistance and support to both LEAs in order to help with identification, enrollment and support activities on behalf of homeless children and youth.

Indicator 3.4 - The SEA conducts monitoring of LEAs with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.

Finding: The ED team found that the NJDOE has not conducted compliance monitoring of LEAs with and without subgrants.

Citation: Section 1432 and section 722(g)(2) of the ESEA require that State plans for the education of homeless children and youth include assurances that the State will comply with the requirements of the McKinney-Vento statute. Section 80.40 of the EDGAR further requires that the State, as the grantee, is to be responsible for monitoring grant and subgrant-supported activities to assure compliance with applicable Federal requirements.

Further action required: The NJDOE must provide a plan to ED that indicates how it will conduct monitoring to ensure that all LEAs implement McKinney-Vento program requirements. In addition, the NJDOE must develop and submit to ED procedures for its monitoring which clearly define for State monitors evidence of compliance.