

April 29, 2010

Mr. Pablo Munoz, Superintendent  
Elizabeth Board of Education  
500 North Broad Street  
Elizabeth, NJ 07208

Dear Mr. Munoz:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Elizabeth Board of Education**. The funding sources reviewed include titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals with Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Fund and Government Stabilization Fund). The review covered the period July 1, 2009 through March 9, 2010. The resulting report is enclosed. Please provide a copy of the report to each board member. Beginning in May, all issued ARRA monitoring reports will be posted on the department's website at <http://www.nj.gov/education/arra/>.

Utilizing the process outlined in the attached "Procedures for LEA/Agency Response, Corrective Action Plan and Appeal Process," the Elizabeth Board of Education is required, pursuant to N.J.A.C. 6A:23A-5.6, to publicly review and discuss the findings in this report at a public board meeting no later than 30 days after receipt of the report. Within 30 days of the public meeting, the board must adopt a resolution certifying that the findings were discussed in a public meeting and approving a corrective action plan which addresses the issues raised in the undisputed findings and/or an appeal of any **monetary** findings in dispute (emphasis added). A copy of the resolution and the approved corrective action plan and/or appeal must be sent to this office within 10 days of adoption by the board. Direct your response to my attention.

Also, pursuant to N.J.A.C. 6A:23A-5.6(c), you must post the findings of the report and the board's corrective action plan on your school district's website.

By copy of this report, your auditor is requested to comment on all areas of noncompliance and recommendations in the next certified audit submitted to the New Jersey Department of Education. If you have any questions, please contact Ronald Fisher at (609) 777-3723.

Sincerely,

Robert J. Cicchino, Director  
Office of Fiscal Accountability and Compliance

RJC/LDM/tc:Elizabeth Board of Education Cover Letter  
Enclosures

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**American Recovery & Reinvestment Act 2009**  
*New Jersey K-12 Education*

**ARRA MONITORING REPORT  
APRIL 2010**

**District:** Elizabeth Board of Education  
**County:** Union  
**Dates On-Site:** March 9 & 10, 2010  
**Case #:** ARRA-027-09

**FUNDING SOURCES**

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$44,874,673
State Fiscal Stabilization Fund - Government Services Fund	1,737,166
ARRA - IDEA - Basic	6,517,318
ARRA - IDEA - Preschool	234,007
<b>Total ARRA Funding</b>	<b>53,363,164</b>
IDEA - Basic	5,305,987
IDEA - Preschool	115,707
<b>Total Non-ARRA Funds</b>	<b>5,421,694</b>
<b>Total Funds</b>	<b>\$58,784,858</b>

**ELIZABETH SCHOOL DISTRICT  
ARRA MONITORING REPORT  
APRIL 2010**

**BACKGROUND:**

The *American Recovery and Reinvestment Act of 2009 (ARRA)* and other federal laws require local education agencies (LEAs) to provide programs and services to their schools based on the requirements specified in each of the authorizing statutes (ESEA, IDEA and ARRA). The laws further require that state education agencies such as the New Jersey Department of Education (NJDOE) monitor the implementation of federal programs by sub recipients and determine whether the funds are being used by the district for their intended purpose and achieving the overall objectives of the funding initiatives.

**INTRODUCTION:**

The NJDOE visited the Elizabeth Board of Education to monitor the district's use of ARRA funds and the related program plans, where applicable, to determine whether the district's programs are meeting the intended purposes and objectives, as specified in the current year applications and authorizing statutes, and to determine whether the funds were spent in accordance with the program requirements, federal and state laws, and applicable regulations. The on-site visit included staff interviews and documentation reviews related to the requirements of the following programs: State Fiscal Stabilization Funds (SFSF) including the Education Stabilization Fund (ESF) and Government Services Fund (GSF); IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through March 9, 2010. The monitoring also included a review of the district's most recent ARRA section 1512 and SFSF cash management quarterly reports to determine whether ARRA expenditures, jobs estimates and related information were reported accurately.

The scope of work performed included the review of documentation including grant applications, program plans and needs assessments, grant awards, annual audits, board minutes, payroll records, accounting records, purchase orders and current district policies and procedures. The monitoring team members also conducted interviews with district personnel, reviewed the supporting documentation for a sample of expenditures and conducted internal control reviews.

**EXPENDITURES REVIEWED:**

The following dollar amounts of expenditures were reviewed for each program monitored for the period of July 1, 2009 through March 9, 2010:

- Education Stabilization Fund (ESF) salary expenditures totaling \$ 3,832,583 were reviewed;
- Government Services Fund (GSF) salary expenditures totaling \$1,646,913 were reviewed;
- IDEA Basic expenditures totaling \$1,322,087 were reviewed;
- IDEA Preschool funds had not been expended as of the date of the monitoring visit;
- ARRA IDEA Basic expenditures totaling \$53,440 were reviewed; and
- ARRA IDEA Preschool funds had not been expended as of the date of the monitoring visit.

**ELIZABETH SCHOOL DISTRICT  
ARRA MONITORING REPORT  
APRIL 2010**

**GENERAL DISTRICT OVERVIEW OF USES OF IDEA FUNDS**

**ARRA IDEA Projects Basic & Preschool**

To close the gap between standards and the achievement levels of students with disabilities, the district proposes to use ARRA IDEA Basic funds to increase and expand targeted professional development opportunities for special education teachers. Specifically, 50 teachers, on both the middle and high school levels, will participate in summer academies to broaden and deepen their understanding of mathematics and algebra. They will also provide mini teacher academies in specific content areas. Summer academies will also be conducted for special education teachers on evidence-based practices and strategies in reading and writing to increase the literacy skills of students. Emphasis will be on interpretation and analysis of text.

Special education teachers will also participate in strategy instruction to increase teacher fluency and automaticity in the range of strategies designed to make the general education curriculum accessible to students with disabilities. All professional development, anchored in student learning, will be designed to increase the capacity of teachers to improve their core practice in the classroom, as well as provide special education students with supplemental instruction.

To facilitate the transition of students with disabilities to post-school options, including college, the district proposes to create a position for a guidance counselor to facilitate the transition of special education students to college and other post-secondary options. The counselor would serve as a liaison with the college-based centers for students with disabilities, as well as the adult services system, including vocational rehabilitation. In addition, the district will contract for vocational assessments to form the transition plans of students and plan an appropriate course of preparation. For students with more severe disabilities, the district will expand the opportunities for supported employment opportunities by contracting for job coaching to increase the development and application of skills associated with a more independent adulthood.

To increase informed decision making for the Individualized Education Programs (IEP) for students with disabilities, the district proposes to expand its range of assessment protocols to provide more precise information on the learning needs of students in order to structure the delivery of instruction. The assessment protocols will extend to career and interest inventories to form the transition activities students will undertake to progress towards meeting their post-secondary goals. The district will also provide systematic training to supervisors of special education on the programmatic and procedural schemes governing special education to mobilize knowledge, skills, and capacities to increase the outcomes for students with disabilities. The district will also seek to increase the capacities of child study team members to make informed decisions by providing team members with ongoing and sustained professional development on integrating academic and behavioral supports creating and delivering behavioral interventions.

The district plans to use their ARRA IDEA Preschool funds to expand preschool child study team services by hiring a school psychologist, social worker and speech language specialist with expertise in augmentative communication. The district has an evaluation protocol in place for Assistive Technology/Augmentative Communication Devices which includes interviewing the

**ELIZABETH SCHOOL DISTRICT  
ARRA MONITORING REPORT  
APRIL 2010**

student. The goal is to observe increased student class participation with assistive technology in place.

**IDEA Projects Basic & Preschool**

The IDEA Basic Grant reflects program activities for Early Intervening Services (EIS) that include salaries for four supplemental instruction teachers, four learning disability teachers – consultants, teacher tutors and language arts literacy coaches, instructional supplies, purchased services and non-instructional supplies.

The EIS component evaluation process includes Developmental Reading Assessment (DRA) which identifies students who are most at risk of failing to read on grade level by the end of grade three in order to provide interventions. The DRA provides an opportunity to observe students' reading behaviors and:

- Diagnose instructional needs and plan for intervention, if needed;
- Determine the level at which the student is able to read independently;
- Document changes over time in reading performances; and
- Determine the level of progress in reading for students for whom a reading intervention has been provided.

Another component includes Leveled Literacy Intervention and Kaplan Spell. These programs are monitored and supported by Dynamic Indicators of Basic Early Literacy Skills, which is a progress monitoring process designed to evaluate the effectiveness of interventions. The Woodcock Reading Mastery Tests-Revised are used to collect base-line data.

Program expenditures and future planned use of funds are for out-of-district tuition costs for both IDEA Basic and Preschool.

**DETAILED FINDINGS AND RECOMMENDATIONS**

**IDEA & ARRA IDEA Basic and Preschool Findings and Recommendations**

**Finding 1:**

**Condition:** The Service Plans did not consistently specify the services provided by separate funding sources; specifically the IDEA Basic nonpublic proportionate share and ARRA IDEA nonpublic proportionate share. The current Service Plans combine Chapter 193 and IDEA services and copies of the Service Plans are not maintained in the district.

**Citation:** IDEA Regulations 34CFR §300.130-300.144

**Required Action:** The district must develop **separate** lists of nonpublic students and services under both IDEA and ARRA grants. The Service Plans must be revised to reflect the funding source and services. Copies of the Service Plans must be maintained in the district.

**ELIZABETH SCHOOL DISTRICT  
ARRA MONITORING REPORT  
APRIL 2010**

**Finding 2:**

**Condition:** The district provides nonpublic proportionate share services to preschool students with disabilities identified in both the IDEA and ARRA IDEA Preschool Grants with IEPs developed by the local school district. The services in the IEP do not consistently match the services in the grants.

**Citation:** IDEA Regulations 34CFR §300.130-300.144

**Required Action:** The district must provide nonpublic proportionate share services through the development of a Service Plan, not an IEP according to N.J.A.C.6A:14-6.1, equitable participation under IDEA PART B. The Service Plans must match the services listed in the grant and the list of nonpublic students and services maintained by the district.

**Finding 3:**

**Condition:** The district's payment schedule in the nonpublic proportionate share contracts for both IDEA and ARRA IDEA transfer the total allocations to the service provider.

**Citation:** IDEA Regulations 34CFR §300.130-300.144

**Required Action:** The district must revise their current service contracts for both IDEA Basic and ARRA IDEA Basic nonpublic proportionate share to include payments paid on services provided. The updated contract should be submitted to NJDOE for review.

**Finding 4:**

**Condition:** ARRA IDEA Basic and Preschool nonpublic services and Service Plans do not reflect the actual services funded through the grant.

**Citation:** IDEA Regulations 34CFR §300.130-300.144

**Required Action:** The district must amend the ARRA IDEA nonpublic services and Service Plans to reflect the actual services funded through the grant.

**Financial Management and Reporting Findings and Recommendations**

**Finding 1:**

**Condition:** The district does not maintain complete written policies and procedures covering all procurement and cash management functions.

**Citation:** Education Department General Administrative Regulation (EDGAR) Part 80.20 - Standards for Financial Management Systems and New Jersey Administrative Code 6A:23A-6.6 - Standard Operating Procedures for Business Functions.

**ELIZABETH SCHOOL DISTRICT**  
**ARRA MONITORING REPORT**  
**APRIL 2010**

**Required Action:** The district must develop and maintain complete written policies and procedures which as part of internal controls provides reasonable assurance that the following objectives are being achieved: effectiveness and efficiency of operations; reliability of financial reporting; and compliance with applicable laws and regulations.

The NJDOE thanks you for your time and cooperation during the monitoring visit and looks forward to a successful resolution of all findings and implementation of all recommendations contained in this report.

If you have any questions, please contact Ronald Fisher at (609) 777-3723 or via email at [Ronald.Fisher@doe.state.nj.us](mailto:Ronald.Fisher@doe.state.nj.us).