



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

September 28, 2010

ROCHELLE R. HENDRICKS
Acting Commissioner

Dr. Charles T. Epps, Jr., Superintendent
Jersey City Public Schools
346 Claremont Avenue
Jersey City, NJ 07305-1634

Dear Dr. Epps:

The New Jersey Department of Education has completed a review of funds received and disbursed from one or more federal programs by the **Jersey City 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 31, 2010. The resulting report is enclosed. Please provide a copy of the report to each board member. 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 Jersey City 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 Steven Hoffmann at (973) 621-2750.

Sincerely,

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

RJC/LDM/tc:Jersey City Board of Education Cover Letter
Enclosures

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**STATE OF NEW JERSEY
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American Recovery & Reinvestment Act 2009
New Jersey K-12 Education

**ARRA MONITORING REPORT
SEPTEMBER 2010**

District: Jersey City Board of Education
County: Hudson
Dates on-Site: June 9, 10, 11, 14, 15 and 17, 2010
Case #: ARRA 039-09

FUNDING SOURCES

Program	Funding Award
State Fiscal Stabilization Fund - Education Stabilization Fund	\$ 48,454,717
State Fiscal Stabilization Fund - Government Services Fund	1,875,754
ARRA-Title I	13,035,687
ARRA-Title I SIA	564,944
ARRA-IDEA – Basic	9,199,874
ARRA-IDEA – Preschool	330,510
ARRA Food Service Grant	98,504
Total ARRA Funds	<u>73,559,990</u>
Title I	16,844,733
Title I SIA	869,317
IDEA – Basic	8,142,227
IDEA – Preschool	180,127
Total Non-ARRA Funds	<u>26,036,404</u>
Total Funding	<u>\$99,596,394</u>

**JERSEY CITY PUBLIC SCHOOLS
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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 Jersey City 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); Title I; Title I SIA; ARRA-Title I; ARRA-Title I SIA; IDEA Basic; IDEA Preschool; ARRA-IDEA Basic; and ARRA-IDEA Preschool for the period July 1, 2009 through March 31, 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 31, 2010:

- ESF 100% of salary and benefit expenditures totaling \$48,454,715 were reviewed;
- GSF 100% of salary expenditures totaling \$1,875,744;
- Title I 43% of expenditures totaling \$8,273,743 were reviewed;
- Title I SIA had not been expended at the time of the monitoring visit;
- ARRA-Title I 98% of expenditures totaling \$19,939 were reviewed;
- ARRA-Title I SIA 67% of expenditures totaling \$139,243 were reviewed;
- IDEA Basic 29% of expenditures totaling \$2,303,059 were reviewed;
- IDEA Preschool 15% of expenditures totaling \$32,701 were reviewed;

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- ARRA-IDEA Basic 83% of expenditures totaling \$1,250,859 were reviewed; and
- ARRA-IDEA Preschool 85% of expenditures totaling \$36,071 were reviewed.

GENERAL DISTRICT OVERVIEW OF USES OF TITLE I AND IDEA FUNDS

ARRA-Title I Projects

The district has identified several priority problems in their comprehensive needs assessment. Areas identified as “critical” in the district’s needs assessment include: Closing the Achievement Gap, Language Arts Literacy and Reading, Mathematics, Science, and Using Data to Improve Learning. The focus of Title I funds has been directed at improving Mathematics and Language Arts scores on state assessments. Nearly all (31 out of 36) of the schools being funded with Title I funds operate a school-wide program. Only five of the schools being funded are Targeted Assistance schools: Middle School No. 3, and four high schools (Dickinson, Ferris, Snyder, and Lincoln) all of which serve only those students deemed eligible based on specific exit and entrance criteria.

A majority of the funding has been earmarked for extended day, extended week, and extended year programs. Additional efforts include focusing on providing in-class support, coaching strategies to improve instructional techniques, and employing differentiated instruction for low performing students. Expenditures for outside vendors (Aussie and IDE) are budgeted to provide in-class coaching teams and professional development strategies essential to the implementation of these strategies related to improving the academic skills of low performing students.

The district has established a relationship with its nonpublic schools and is working towards developing more meaningful, ongoing, and sustained consultation regarding the Title I eligible students in attendance. Unfortunately, a critical component was missing from this consultation. The district was not aware of what the exit and entrance criteria are for these nonpublic students and while they did have a list of the students by name, no additional information regarding their eligibility was made available to them by the nonpublic school.

Parent Involvement efforts are strong in Jersey City and there are exemplary examples of the activities and community involvement that the school district has with its neighbors. All of the required documents were distributed to all of the parents within the district, and were presented at the time of the monitoring visit. The district did not successfully upload the required documents into their grant application which should be on file within the Electronic Web Enabled Grant system (EWEG).

The district records revealed that some effort was made to ensure that all paraprofessionals were in fact highly qualified. However, a review of personnel files revealed that several folders contained insufficient documentation and, therefore, did not meet the requirement.

All of the district’s high schools are designated as targeted assistance and a clear exit and entrance criteria for Title I eligibility has been established. Supplemental programs begin with entering freshman identified as low performing as they exit the eighth grade, and then students

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are enrolled in the summer programs to strengthen reading and math skills. Within the ARRA-Title I application in EWEG funds are budgeted for items earmarked for a science lab at James J. Ferris High School. The school's priority needs assessment and unified plan does not reflect the need for a science lab. The lab would benefit every student within the school and if aligned with a school-wide needs assessment and Unified Plan would be allowable. The fact that the high school has identified more pressing needs and that it is a Targeted Assistance program plan the science lab is considered a non-allowable activity.

The district has become a District in Need of Improvement (DINI) and therefore must submit a DINI plan and provide an outline of the district's overarching goals and objectives and to develop a plan for the district to use Title I funds to address students needs throughout all schools. This plan to date has not been submitted.

Fiscal records indicated that the 2008 Final Report showed that additional funds representing 2007-2008 nonpublic funds totaling \$356,909 had to be returned to the NJDOE. Services were provided directly to nonpublic students under budget line 100-320 but were not charged to the grant during the grant period. The 2009 Final Report has not been submitted.

IDEA Projects

The district submitted an IDEA and ARRA-IDEA grant for Preschool and Basic that was developed by school administrators and staff, parent survey, and based on data driven student scores. The funds are intended to increase and enhance current successful programs as well as developing new programs and support for their public and nonpublic student population. Funds will be used for:

- a. Leaders Integrating and Networking Knowledge for Support (LINKS) a program designed to enhance knowledge of teachers, students, paraprofessionals, parents, CST members and community members;
- b. Teaching and Education of Autistic Children Through Collaboration and Harmony (TEACH) that provides added support for students with autism including additional staff;
- c. Students in need of Outreach and Support (SOS) that provides additional therapeutic support for students with behavioral disorders;
- d. Various assistive technology for both public and nonpublic schools;
- e. A summer literacy program and after-school program for grades two through 12 for special needs students using a multi-sensory approach for struggling readers;
- f. A summer program for students with autism;
- g. Raising the Bar 2, an after-school tutorial program focusing on literacy for classified students;
- h. An extension of the district's current Literacy Labs for at-risk students in six locations;
- i. Bridges to Learning, an after-school tutorial program for autistic preschool students; and

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- j. Sixteen Licensed Clinical Social Workers who will service schools throughout the district.

IDEA funds will also be used for additional programs such as Making Our Students Aware of Individual Challenges (MOSAIC), an after-school program that is designed to facilitate the development of emotional and interpersonal problem solving skills for students and their families. Other programs include Unified Sports Special Olympics Track and Field and a unified sports youth athlete program.

The programs that have been established are designed to benefit special needs students with an emphasis on increasing literacy, enhancing student development and providing various opportunities to utilize and benefit from technology. The district is required to utilize funds for Coordinated Early Intervening Services as they have been identified as a district with a continued pattern of “significant disproportionality” of specific racial/ethnic groups determined eligible for special education and related services. Furthermore, students who are identified as requiring early intervening services will also benefit from the additional programs and support by after-school and summer programs. These programs not only focus on academics, but also on the student’s physical, emotional and basic life skills. The district has established methods to measure the impact of all these programs and services by monthly student profiles, weekly progress reports, functional behavior assessments, behavior intervention plans, quarterly assessments, report cards, standardized and classroom assessments and parent and teacher observations. The district has established expectations for success of their initiatives. Parents have noted success via surveys. They note that their children are improving in self-help skills, increased attention, socialization and communication. The district also participates in the Marzano Study that will assess technology initiatives. As many programs are supplements to existing programs, expansion is seen as a way to address student needs throughout the community.

DETAILED FINDINGS AND RECOMMENDATIONS

Title I

Finding 1:

Condition: The district did not upload the required parent involvement notifications into the EWEG application.

Citation: NCLB §1118 (c)(4)(a)- Parent Involvement Policy Involvement.

Required Action: The district must upload all of the required documents and parent notification letters into their EWEG application.

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Finding 2:

Condition: The district does not have the required supporting documents to verify the activity of Title I, ARRA-Title I and IDEA funded staff as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The district must verify the time and activity of staff charged to the grant. The district must submit a list of 2009-2010 Title I funded staff, salaries, funding percentages and time sheets to date to the NJDOE for review (including administrative staffing).

Finding 3:

Condition: The district did not consult with the nonpublic schools regarding the establishment of a clear entrance and exit criteria for its eligible students.

Citation: NCLB §1120 (*Participation of Children Enrolled In Private Schools*).

Required Actions: The district must revisit the consultation process with those nonpublic schools that enroll students residing within the district's eligible attendance areas. For resolution the district must submit the signed Affirmation of Consultation forms and a narrative describing the eligibility criteria and services offered to participating nonpublic students.

Finding 4:

Condition: A review of the personnel files of paraprofessionals indicated that several files of instructional aides did not contain evidence of meeting the requirements for Title I paraprofessionals.

Citation: NCLB §1119: *Qualifications for Teachers and Paraprofessionals*; 34CFR §200.58: *Qualifications of paraprofessionals*.

Required Action: The district must provide evidence to the NJDOE that all instructional aides identified during the site visit have met the Title I requirements for paraprofessionals. If the district is unable to verify that these employees have met the Title I requirements, the district must immediately reassign the employees to full-time non-instructional positions, or terminate their employment with the district.

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Finding 5:

Condition: The district included in the 2010 ARRA application budgeted costs related to the construction of a science lab at James J. Ferris High School. This is a non-allowable cost and was not identified in the comprehensive needs assessment.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Required Action: The 2010 ARRA Amendment Application has been reopened. Funds allocated for the purpose of this construction project must be reallocated for a purpose identified in their comprehensive needs assessment and in their school's unified plan.

Finding 6:

Condition: The district did not submit a DINI Plan as required under NCLB.

Citation: NCLB § 1116 *Academic Assessment and Local Agency and School Improvement*.

Required Action: The district must submit a DINI plan with all of the required components to the NJDOE.

Finding 7:

Condition: The district did not submit their 2009 NCLB Final Report in EWEG as required.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Required Action: The district must submit the Final Report in the EWEG system.

Finding 8:

Condition: The district did not appoint all Title I and IDEA grant staff in the board minutes.

Citation: EDGAR, PART 80-*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

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Required Action: All staff charged against grants should be reappointed annually by board resolution.

IDEA

Finding 1:

Condition: Through the interview process the district revealed that although the district monitors the use of labs established in the private nonpublic school, the district is unable to assure that the labs are being utilized solely by the students identified as in need of special education and related services and not the general needs of the students enrolled in the private school.

Citation: IDEA Regulations 34CFR&300; 300.141; 300.144.

Required Action: The district is required to develop a method to ensure that equipment and technology provided to students with disabilities in the nonpublic setting are utilized only for the students who require these services as per their ISP and not for the general needs of the private setting.

Finding 2:

Condition: Although the district stated they held monthly meetings with nonpublic schools, the district could not consistently provide verification of consultation with nonpublic schools for both IDEA and ARRA-IDEA Basic. The district was able to produce a list of nonpublic students who receive services under IDEA and ARRA-IDEA nonpublic program activities. The list of students in nonpublic schools with service plans did not match the services listed in the grant. The ISP did not specify the services provided by separate funding sources. Current ISPs combine Chapter 193 and IDEA services.

Citation: IDEA Regulations 34CFR&300.130.144.

Required Action: The district must develop procedures to consistently capture evidence of consultation with nonpublic schools and obtain confirmation of consultation. The district must develop separate lists of nonpublic students and services under both IDEA Basic and ARRA-IDEA Basic grants. The individual service plans must be revised to reflect the funding source.

Finding 3:

Condition: The district is providing equipment from Coordinated Early Intervening Services (CEIS) funding to establish a Response to Intervention (RTI) system as well as servicing the CEIS students. CEIS funds cannot be used to establish an RTI system. The district is required to provide CEIS services for students identified by their established

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procedures. Students are eligible for these services in addition to other programs that the students participate in. Therefore, the district needs to separately fund RTI and CEIS.

Citation: IDEA Regulations 34CFR&300,226(e).

Required Action: The district must ensure that students identified through the CEIS process are receiving services with programs that are in addition to other programs and do not supplant funds that provide services through other Elementary and Secondary Education Act activities and services.

Finding 4:

Condition: Based on documentation provided by the district, customized supplies purchased through the ARRA-IDEA grant are not reflected in current student Individualized Education Program (IEPs). Based on interviews and a review of this documentation, there was no demonstration of a link between the instructional supplies purchased and the delivery of services to students with disabilities in either segregated programs or included in the general education classes. Specifically, the district implemented an application process to determine which classes received these supplies and instructional materials. Although they only provided equipment to the classrooms with students with disabilities, they could not produce IEPs that documented the need.

Citation: IDEA Regulations 34CFR&300.208 (Permissive Use of Funds).

Required Action: The district must maintain appropriate documentation that purchases are consistent with the grant requirements in order to show that they are not supplanting federal funds by purchasing materials intended for school wide, general curriculum use. At the next regularly occurring annual review meeting, the district should list specialized materials and devices purchased to support instructional programs for students with disabilities in their IEPs.

Finding 5:

Condition: The district does not have the required supporting documentation to verify the activity of IDEA funded staff as required by federal law.

Citation: OMB Circular A-87, Attachment B, Section 8(h): *Cost Principles for State, Local and Indian Tribal Governments (Compensation for personal services)*.

Required Action: The district must maintain records to verify the time and activity of staff charged to the grant.

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SFSF

Finding 1:

Condition: The district charged a portion of the salaries of several Title I employees to SFSF funding. A primary purpose of SFSF funding is to provide Federal support for expenditures that are typically paid for with non-federal resources. Since the Title I grant approved employees' salaries were already funded in full with federal dollars they should not have been charged against SFSF funding.

Citation: *American Recovery and Reinvestment Act of 2009 (ARRA).*

Required Action: Only qualified expenditures that are normally funded with non-federal resources should be charged against SFSF funding.

Financial Management and Reporting

Finding 1:

Condition: The district was not tagging applicable equipment purchases as being purchased with federal funds.

Citation: EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 32, Equipment.

Required Action: Equipment purchased with federal funds should be labeled as such.

Finding 2:

Condition: The district paid a speech/language services consultant without receiving adequate documentation to show that services were rendered. The consultant, who has a contract not to exceed \$200,000, was paid an hourly rate based upon an invoice and time sheets submitted to and approved by the district. The invoice and time sheets did not provide details of the nature of the services provided, did not reference students receiving services or indicate the number of hours spent with each student. In addition, the consultant routinely billed for seven or eight hours straight without any deduction for lunch.

Citation: EDGAR, PART 80—*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.S.A. 18A:19-4 *Expenditure of Funds; Audit and Payment of Claims.*

Required Action: Invoices submitted to the district must fully itemize and describe the services provided and include the initials or other means of identification of the students

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to whom the services were rendered. Consultants should be required to subtract lunch breaks from the hours billed.

Finding 3:

Condition: On several occasions the district failed to issue a purchase order prior to professional development services being rendered (confirming order). District policy and state regulations require that a properly executed purchase order be issued prior to services being rendered.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems. N.J.S.A 18A:8A (2)(v) *Public School Contracts Law*.

Required Action: Purchase orders should be issued to all vendors prior to goods or services being provided.

Recommendation 1: The district does not have formal written policies for requesting reimbursement from the EWEG system; however, the district's practices for requesting reimbursement were verified through questions concerning the district's internal controls.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Recommended Action: The district must have a formal board policy concerning the reimbursement of grant funds and should submit this to the NJDOE for review.

Recommendation 2: The district's internal control manual does not address the issue of contracting with disbarred vendors.

Citation: EDGAR, PART 80--*Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 36, Procurement.

Recommended Action: The district should update internal control policies to prevent possible contracting errors from occurring.

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 Steven Hoffmann at (973) 621-2750 or via email at steven.hoffmann@doe.state.nj.us.