
Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility

FINAL AUDIT REPORT



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*U.S. Department of Education
Office of Inspector General
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EXECUTIVE SUMMARY

State and local educational agencies (LEAs) need more guidance or technical assistance to maximize the impact of their programs under the Safe and Drug Free Schools and Communities Act (SDFSCA). This report summarizes our review at the Federal program office, four States and 26 local educational agencies (LEAs). Our review found that:

(1) The Federal and States' application review process generally complied with the Act.

The Department's Safe and Drug Free Schools (SDFS) application process improved from the interim program year 1995/96 to the year under review 1996/97. These improvements resulted in stronger management controls during the application review process and additional technical assistance to States. As a result, States' applications approved by ED included outcome-based performance indicators for the SDFS program. Outcome-based performance indicators (e.g., the number of incidents of school-related gang violence) are used to indicate progress toward achievement of the mission and program objectives. ED's application review process, including technical assistance and guidance, required States to develop outcome-based performance indicators that could be used to evaluate their programs on a statewide basis.

Although the States we reviewed have a process for reviewing LEAs' applications, the process needs improvement. States have not assured that LEAs have outcome-based performance indicators. In three of the four States reviewed, the performance indicators developed by most LEAs were output-based. Output-based performance indicators (e.g., by June 1997, all staff members will have completed the Conflict Management Training Program.) show the quantity of work activity completed and do not measure the effectiveness of the program. These three States said that ED needed to provide more technical assistance on outcome-based performance indicators. The Department has developed the Principles of Effectiveness, which became effective July 1, 1998. These principles provide a framework to help SDFS State and local grant funds recipients design, implement, and evaluate programs in order to use funds as efficiently and effectively as possible. In June 1998, the Department held a national conference on the principles and is planning additional technical assistance.

(2) Funds were properly distributed to States and LEAs.

The Federal program office distributed SDFS grants to the four States we visited in accordance with the statute. The four States were also allocating grants to LEAs in compliance with the law. Expenditures we reviewed at States and LEAs visited were supported and consistent with the applications and program objectives.

Although all districts incurred administrative expenses in operating the program, large and small districts differed in the amount of administrative burden associated with their SDFS program. Requiring districts to submit applications each year added to the burden. In spite of the burden there was a considerable effort by the LEAs to have comprehensive SDFS programs. Many were using local funds to supplement their SDFS programs.

(3) Some LEAs did not plan their SDFS activities to address their needs.

One State visited did not require the LEAs to prepare a comprehensive plan for drug and violence prevention, including a description of how the SDFS funds would be spent to meet its measurable goals and objectives. As a result, LEAs visited that did not have a comprehensive plan appeared to be unclear as to the direction of the SDFS program and the best use of the funds.

(4) LEAs should be accountable for greatest need funding.

The States we reviewed were properly allocating greatest need funds to LEAs. However, the Act does not contain provisions which are specific as to program effectiveness and greatest need. The four States reviewed did not provide any guidance to the LEAs as to how funds were to be spent. LEAs generally did not distinguish their greatest need funds from regular SDFS funds. Greatest need funds were used to expand the services that were provided by using the regular SDFS funds.

Among the recommendations we are making are, the Assistant Secretary of the Office of Elementary and Secondary Education (OESE) should:

- ❶ Continue to provide technical assistance/guidance to States and LEAs, building on the assistance provided by the Principles of Effectiveness;
- ❷ Issue guidance to clarify that States can accept multiple-year applications from LEAs;
- ❸ Consider during deliberations on reauthorization changes to the Act to incorporate provisions that will require LEAs to include in their application, a comprehensive plan with a detailed description of SDFS program services and activities. This plan should be aligned with the LEAs' measurable goals and objectives and include milestones; and
- ❹ Consider during deliberations on reauthorization changes to the Act to clarify that States can award greatest need funds for the same multi-year period as regular SDFS funds;
- ❺ Consider during deliberations on reauthorization changes to the Act to permit

States to consider LEAs' planned activities and the effectiveness of their completed activities, as a criterion in awarding greatest need; and

- ⑥ Consider during deliberations on reauthorization changes to the Act to permit States to consider the performance of LEAs receiving greatest need funds as a criterion for continued funding.

Department's Comments

On November 9, 1998, the Department provided a written response to our draft audit report. The Department believes that the report provided valuable information and insight about the implementation of the Safe and Drug Free Schools State Grants Program that is consistent with evaluation data, program reports, monitoring results, and other information collected since the program was reauthorized in 1994.

The Department generally agreed with many of the findings and recommendations. They identified concerns regarding some recommendations made in the draft audit report. The Department believes that the Act already permits the States and LEAs to implement some of these recommended actions.

States' Comments

New Jersey, Texas, and New York generally concurred with all the findings and recommendations cited in the report. The SEAs responded that while the recommendations are directed to the Assistant Secretary of OESE, they will take the action necessary to implement many of the recommendations. Alabama submitted no written comments.

OIG Response

We have carefully considered the Department's and States' comments on the draft report and have made some revisions as a result. This final report includes after each finding a summary of the Department's and States' comments (a copy of responses are contained in Attachment 1). We have addressed and responded to each comment. We believe that many of the recommendations should remain unchanged from the draft version. The Act needs more clarification regarding provisions of the program. The uncertainty of these provisions was evident per the draft report comments received from the SEAs. It is the OIG's opinion that the Department needs to clarify these provisions and encourage their use.

AUDIT RESULTS

The Safe and Drug-Free Schools and Communities Act (SDFSCA) State and Local Grants Program, authorized by the Elementary and Secondary Education Act (ESEA) (Title IV, Sections 4111-4116, 20 U.S.C. 7111-7116), is a key part of the Federal Government's effort to encourage the creation of safe, disciplined, and drug-free schools.

A primary aim of the 1994 reauthorization of the ESEA was to provide recipients of funds with expanded flexibility to design and implement programs that meet State and local needs and support education reform strategies. It was intended that the increased flexibility would be matched by improved accountability for achieving measurable results.

This audit provides information to the Department of Education (ED) and Congress for the reauthorization of SDFSCA in 1999.

The objectives of our audit were:	Our fieldwork disclosed that:
<p>(1) To review the States' and LEAs' processes for developing measurable goals and objectives and to determine if it meets Federal statutes;</p>	<p>States' and LEAs' processes for developing measurable goals and objectives generally complied with the SDFSCA. However, three of the four States reviewed did not assure that their LEAs had outcome-based performance indicators.</p>
<p>(2) To determine how SDFS funds are allocated from States to LEAs and schools and if expenditures are supported and consistent with the plan;</p>	<p>Funds were allocated to the States and LEAs we reviewed in accordance with the statutes and expenditures were supported and consistent with the plan. However, some LEAs did not plan their SDFS activities to address their needs.</p>

<p>(3) To determine if there is an administrative burden on State and local districts applying for and operating the program and if it can be reduced; and</p>	<p>There was not an administrative burden on States and larger local districts applying for and operating the program. Smaller LEAs indicated the program was a burden and had to use local funds to supplement these expenses. States and LEAs had suggestions for reducing these expenses.</p>
<p>(4) To ensure that the States' greatest need methodologies are consistent with program objectives.</p>	<p>States' greatest need methodologies were consistent with program objectives, but LEAs should be more accountable for the results of the greatest need funding received.</p>

As a continuing effort to improve accountability, ED developed the Principles of Effectiveness which became effective July 1, 1998. These principles govern recipients' use of school year 1998-99 and future years' funds received under the SDFS program.

Federal and State Application Review Process

Federal Application Review Process Complies with Statute

The Department's SDFS application process improved from the interim program year 1995/96 to the year under review 1996/97. These improvements resulted in stronger management controls during the application review process and additional technical assistance to States. In 1995/96, the first year under reauthorization, the Department accepted interim applications from States that were subject to minimal review. The following year, the Department increased its controls over the application review process and required States to submit a more comprehensive application. This application increased accountability for program funds by requiring States to provide a needs assessment, measurable goals and objectives, and performance measures. The application review process included a technical review by the Office of Elementary and Secondary Education's (OESE) regional service team, and a peer review by State program officials and members of ED's program office. Below are the results of

the application review for the four States visited:

- ❑ The application for the State of New York was approved without conditions for the period of the program authorization (scheduled to expire September 1999); and
- ❑ Three States' (New Jersey, Alabama & Texas) applications required additional information. As a result, ED granted conditional approval for 1996/97 based on an agreement for each State to provide additional information. Before the next fiscal year grant, the Federal program office received the required information and final approval was given for the period of the program authorization.

During the 1996/97 period, the Department's SDFS program officials increased their technical assistance to all States. ED issued guidance and the regional service teams handled questions and problems by telephone. The program officials also provided on-site technical assistance for States with major deficiencies in their applications. The four States we visited did not have major deficiencies.

As a result of the increased technical assistance by ED during the application review process, all States' applications received unconditional approval and were deemed as being in compliance with the requirements of the ED statute.

States Have Developed, with ED's Technical Assistance, Outcome-based Performance Indicators

Applications submitted by the four States visited and approved by ED, included outcome-based performance indicators for the SDFS program. Examples of these indicators for the States we visited included:

- ❑ By October, 1998, there will be a 5 percent decrease in juvenile arrests due to violent crimes and drug sales;
- ❑ By 2000, there will be a reduction in LEA-reported substance abuse incidents by comparing the 30 day use rate of cigarettes, alcohol and marijuana reported at grades 10 and 12 in 1996 against 1998; and
- ❑ An increase in the number of schools reporting safe and drug free environments through a reduction in the number of school crimes, weapons incidents, violence, and discipline problems, including school suspensions.

State Application Review Process Needs Improvement

Although the States we reviewed had a process for reviewing LEA applications, the process needs improvement. The Government Performance and Results Act of 1993 emphasizes the need for recipients of Federal funds to measure performance. Three out of four States

reviewed (New Jersey, Alabama, and New York) did not assure that their LEAs have outcome-based performance indicators. In these three States, the performance indicators developed by most LEAs were output-based, and did not measure the effectiveness of the program. The Act does not require LEAs to have output-based performance indicators. Texas did require its LEAs to have outcome-based indicators that were developed by the State educational agency (SEA). Examples of output-based performance indicators for LEAs in the States we visited were:

- Instruction will be provided to students in grades K-12 on building self-esteem, and the harmful effects of drugs;
- By June 1997, all staff members will have completed the Conflict Management Training Program; and
- At least 15 students and/or faculty will participate in Basic Training in Mediation/Conflict Resolution Skills.

We noted that LEAs that did not have outcome-based performance indicators were already collecting outcome-based type information for other purposes. This information could have been used at no apparent, additional cost for developing SDFS performance indicators. For example, school report cards are required by many States, and include data on incidents of drugs, violence, and school suspensions that could be used for outcome-based measurement data.

Texas required its LEAs to include specific, State developed, outcome-based performance indicators in their applications. The applications for the six LEAs we visited in that State all had these indicators. These six LEAs said they were using these indicators to evaluate their programs. The following are examples of these State-required, outcome-based indicators:

- Number of incidents of students referred for disciplinary action related to possession, sale or use of tobacco, alcohol or other drugs;
- Number of incidents of school-related gang violence; and
- Number of assaults against students.

More Technical Assistance/Guidance Needed on Outcome-based Performance Indicators

Three of the four States visited (New Jersey, Alabama, and New York) said ED needs to provide more technical assistance on outcome-based performance indicators. Alabama said it had accepted applications from LEAs with either no performance indicators or inadequate indicators because it wasn't sure what ED expected LEA applications to include.

One LEA we visited said that ED should provide States and LEAs with the expected results of the program, more training in ways to evaluate the program, and more assistance in general. Another LEA said they would welcome more technical assistance on performance indicators.

Subsequent to our visits to the States and LEAs, ED issued the Principles of Effectiveness, which provides significant guidance on outcome-based performance indicators. These principles, which became effective July 1, 1998, govern recipients' use of school year 1998-99 and future years' funds received under the SDFS program. The Department held a national conference on the principles in June 1998, and is planning additional technical assistance.

Recommendations

We recommend that the Assistant Secretary of OESE:

- ❶ Consider during deliberations on reauthorization, changes to the Act to incorporate provisions that will require States to include in their LEA application outcome-based performance indicators;
- ❷ Require States to have LEAs report on their actual performance against their performance indicators; and
- ❸ Continue to provide technical assistance/guidance to States and LEAs, building on the assistance provided by the Principles of Effectiveness.

Department's Comments

The Department commented that the SDFSCA already required local educational agencies (LEAs) to include measurable goals in their applications for SDFSCA funds (Section 4115(b)(2)(B) of the SDFSCA). However, the current law does not require the applications

to include outcome-based performance indicators. They stated that, while the Department encourages State educational agencies (SEAs) to have their LEAs include outcome-based performance goals in applications for SDFSCA funds, the Department does not have the authority to require their inclusion.

The Department also stated that the SDFSCA requires SEAs to report to the Secretary on the outcomes of LEA programs and provide an assessment of their effectiveness (Section 4117(b)(1) of the SDFSCA).

States' Comments

New Jersey's comments in reference to recommendations #1, #2, and #3 of this finding advised that they directed districts to indicate, for each objective, the target population and the outcome to be achieved (performance or behavior indicator(s)) rather than process indicator(s). This SEA's review of approved applications revealed that not all districts (with approved applications) had met this standard for Title IV. In its modification of the IASA application (to be completed February 1), the SEA will reinforce the need for district-level performance measures to gauge the attainment of objectives. It will continue to collect "outcome-based type information for other purposes." While the SEA indicated that they concurred with our recommendation #3, they added that the U.S. Department of Education should provide more technical assistance which focuses on the Principles of Effectiveness.

New York agreed with all three recommendations. They stated that while all three recommendations were directed to the Assistant Secretary of OESE, they would do the following:

- Revise its future LEA application requirements to include outcome-based performance indicators within its overall monitoring effort and consistent with the Principles of Effectiveness rule which became effective July 1, 1998;
- Strengthen its LEA reporting form for the 1998-99 program year so that LEAs can report on their actual performance as measured against their performance indicators; and
- Planning a number of regional workshops in February and March 1999 through our regional Comprehensive School Health and Wellness Centers to provide LEAs with the tools necessary to effectively comply with the Principles of Effectiveness, including those related to measurable goals and objectives (performance indicators).

Texas made no comments for recommendations #1 and #2. Regarding recommendation #3, they commented that technical assistance/guidance to States and LEAs on the Principles of Effectiveness is essential. Specifically, technical assistance/guidance is

needed regarding Principle 3, implementing activities based on research and evaluation.

Alabama submitted no written comments.

OIG Response

Based on the Department's response, we changed part of recommendation #1 to advise the Assistant Secretary of OESE to consider during reauthorization that the SDFS Program Office be given the authority to require LEAs to include outcome based performance indicators in their application.

Although the Act requires SEAs to report the outcome of LEA programs, we believe that the process still needs improvement. Many LEAs are reporting on output-based performance indicators that do not measure program performance. Our audit report disclosed that three of the four States we visited were not always capturing outcome-based data from LEAs and as a result may not be measuring the LEAs' actual performance. Requiring LEAs to report outcome-based performance measures will provide some assurance that actual performance is reported.

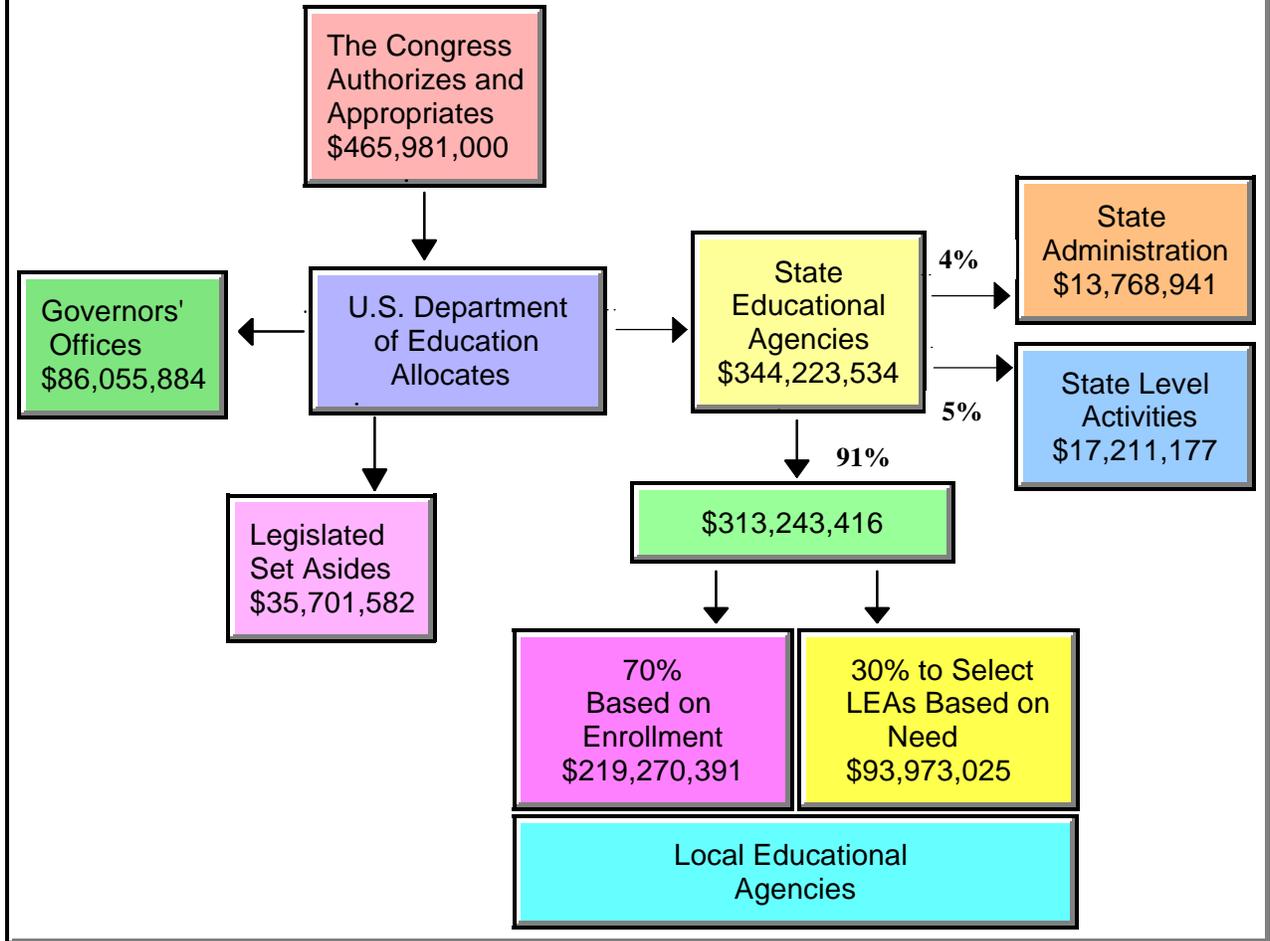
Distribution of Funds to Students

Allocations and Expenditures

The Federal program office distributed SDFS grants to the States we visited in accordance with the statute. Because the scope of our audit did not include the SDFS Governors' Program or SDFS legislated set asides, we did not perform field work pertaining to these funds.

As previously noted, we visited four States (New Jersey, Texas, Alabama, and New York) and reviewed their grant allocation processes to LEAs. The four States visited, allocated 91 percent of the SDFS program funds to LEAs in accordance with the statute. The remaining nine percent consisted of five percent for State level programs and four percent for SEA administrative expenditures. These expenditures were supported, consistent with the State application plan, and allowable under the SDFS grant. Figure 1 (next page) shows how funding reached States and LEAs during the 1996-97 school year. Grants are allocated to States and LEAs based on the number of students.

Figure 1: How Funding Reaches States and LEAs, 1996-97 School Year



All four States visited were properly distributing the per capita funds and their methodology to determine greatest need funding distribution was reasonable. (The greatest need funding is discussed in more detail on page 20.)

For the 26 LEAs visited, we reviewed a sample of expenditures for the school year 1996/97 and found that these expenditures were properly supported, consistent with the program objectives, and allowable under the SDFS grant. However, we identified one case where an LEA budgeted \$125,000 SDFS greatest needs funds during school year 1997/98 (funds were not within the scope of the audit period) for court-ordered desegregation training which was not in the LEA's plan. We recommended that the LEA reconsider this use of SDFS funds and discuss the matter with the SEA. (See Other Matters on page 23 for details.)

We found that LEAs directed a significant percentage of SDFS funds for student services. The 26 LEAs visited, reported on average 84 percent of program expenditures were for direct student services and the other 16 percent were for costs such as program evaluation; preparation of applications; and administration. Generally, expenditures for the LEAs visited were as follows:

- ❑ Small districts (SDFS funds < \$10,000) expended funds primarily for prevention programs. These districts provided very little program services for intervention. Students were often referred to outside agencies for counseling.
- ❑ Medium districts (SDFS funds \$10,000-\$200,000) expended funds for prevention program and salaries for administration. These districts provided some program funds for intervention services.
- ❑ Large districts (SDFS funds > \$200,000) maintained program offices. The SDFS grants paid for prevention programs and administrative costs. These districts also expended program dollars for intervention and counseling services.

A summary of SDFS activities at the 26 LEAs visited is included in Appendix B.

Administrative Burden

Although all districts visited incurred administrative expenses in operating the program, large and small districts differed in the amount of administrative burden associated with their SDFS program. Eleven of the districts visited, received over \$10,000 in total SDFS dollars. These districts stated that program administration was not a burden and that they had received sufficient Federal dollars to pay for program administration. Eight LEAs, which received less than \$10,000, believed that program administration was a burden but it was not excessive. One LEA coordinator said that drug use and violence in the schools was such an important issue that they needed all available resources to have a SDFS program. All 12 of the small LEAs visited, used local funds to supplement program expenses for implementation and operation of their SDFS programs. Smaller districts visited, with grants less than \$6,000, used their SDFS funds to provide direct services to students. Here are a few examples of expenses supplemented by these districts: coordinators' salaries; researching for program activities; and paying substitute teachers during meetings. These districts did not track the added expenditures that were being funded with local funds.

In order to reduce administrative burden, some smaller districts joined a consortium of LEAs. These districts received limited Federal program funds, and were motivated to save administrative costs and increase their spending power. We found that two districts received grants less than \$350; and by joining a consortium, obtained services valued in excess of \$900. While these districts reduced their burden, they also appeared to receive

more services for the money they spent. Other small districts indicated that they did not join consortia because it would have limited their flexibility to select program activities.

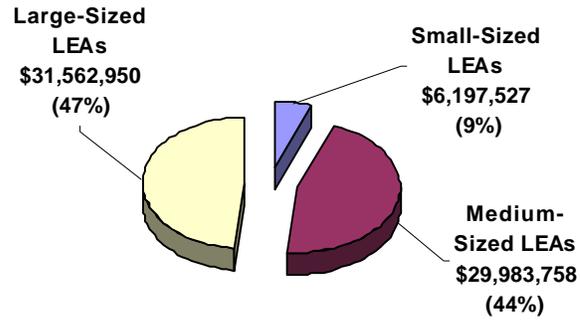
To reduce the burden, one LEA suggested that the Department allow one application for the entire period of the reauthorization, such as required for the States. This would help reduce the burden for LEAs to prepare and States to review applications. It would also encourage LEAs that do not apply for SDFS grants because of the burden, to apply.

LEAs are Leveraging SDFS Money

There is a considerable effort by the LEAs to have comprehensive drug and violence prevention programs. Many LEAs used local funds to supplement their programs. Twelve small LEAs and one large LEA visited, used local funds to provide more comprehensive programs. Most medium and large LEAs visited, did not require local funds for program operation. With 61% of the LEAs in States visited, receiving less than \$10,000, it is important that they make the most effective use of SDFS funds and apply them towards direct student activities.

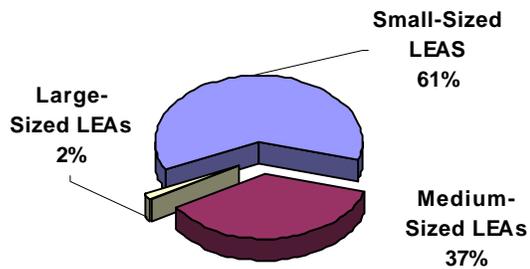
Graph A (next page) gives a visual representation of the percentages of LEAs for States visited by total SDFS allocations. Graph B (next page) gives a visual representation of LEAs by size in the four States we visited. In comparing these two graphs, it should be noted that small districts received only nine percent of the total allocation dollars; however, they accounted for 61 percent of the LEAs receiving SDFS funds. Large districts received 47 percent of the total allocation dollars and accounted for only 2 percent of the LEAs receiving SDFS funds. Both charts include the entire universe of LEAs in the States visited, not just the 26 LEAs we visited. These charts do not include the funds allocated to the SDFS Governors' Program or set aside as SDFS legislated funds.

Graph A: Visual Representation of LEAs By Total SDFS Allocations in the 4 States Visited



Small-sized LEAs	- SDFS funds < \$10,000
Medium-sized LEAs	- SDFS funds \$10,000-\$200,000
Large-sized LEAs	- SDFS funds >\$200,000

Graph B: Visual Representation of LEAs By Sizes in the 4 States Visited



Recommendation

We recommend that the Assistant Secretary of OESE:

- ① Issue guidance to clarify that States can accept multiple-year applications from LEAs.

Department's Comments

The Department responded that the SDFSCA currently permits SEAs to determine how frequently LEAs must apply to receive SDFSCA funds (Section 4115(a)(l) of the SDFSCA).

States' Comments

New Jersey did not comment on this recommendation.

New York agreed with the recommendation, stating that multiple-year applications would reduce both the LEA and SEA administrative burden.

Texas commented that multiple-year applications can improve planning and coordination. They indicated that this should be an option available to States.

Alabama submitted no written comments.

OIG Response

While the Act may permit SEAs to determine how frequently LEAs can apply to receive SDFS funds, we believe that this provision is unclear and needs clarification. The uncertainty of this provision was evident in the draft report comments received from the SEAs. It is the OIG's opinion that the Department needs to issue guidance to clarify this provision and encourage its use.

Some LEAs Did Not Plan their SDFS Activities to Address their Needs

Texas did not require the LEAs to prepare a comprehensive plan for drug and violence prevention. This plan should be part of the LEA application and indicate how the LEA is going to meet its measurable goals and objectives, including milestones.

The requirements for LEAs to prepare a plan are detailed in 34 CFR Section 4115 (b) (2). It states that the local application shall contain a detailed explanation of the LEA's comprehensive plan for drug and violence prevention, which shall include a description of:

- How the plan will be coordinated with programs under the ESEA, the Goals 2000: Educate America Act, and other Acts as appropriate, in accordance with the provisions of section 14306;
- The LEA's measurable goals for drug and violence prevention, and a description of how such agencies will assess and publicly report progress toward attaining these goals;
- How the LEA will use its funds under this subpart;
- How the LEA will coordinate such agency's programs and projects with community-wide efforts to achieve such agency's goals for drug and violence prevention; and
- How the LEA will coordinate such agency's programs and projects with other Federal, State, and local programs for drug-abuse prevention, including health programs.

Texas required LEAs to submit a program specific application. The program-specific application required LEAs to include a general description of their program. Although the State's SDFS coordinator believed that the program description met all the requirements of the statute, we do not agree. The information gathered in this format was important to meeting some of the application requirements, but in our opinion it is not specific enough to complete the planning process. A clear program strategy is essential for the LEA to meet its goals. Other States visited, required LEAs to provide more specific plans of activities in their applications. We believe that requiring LEAs to provide this information will facilitate program implementation and ensure that Federal, State, and LEA goals are being addressed.

The review disclosed that Texas LEAs did not include a plan of program services and activities, aligned with the districts' measurable goals and objectives in their applications. LEAs were merely checking off boxes on an application form. Of the six LEAs visited, four appeared to be unclear as to the direction of the program and the best use of the funds. These LEAs received the grant funds and then selected activities on short notice; and not as part of an overall plan.

The following examples were noted:

- ❑ The coordinator at one LEA asked us if it was appropriate to put on a country western show for students. The coordinator was unsure of how this activity fit in with the program goals and objectives. This district received \$103,300 in SDFS funds and \$181,004 in greatest need funds.
- ❑ The same district established a goal to reduce violence and their needs analysis indicated they had a moderate disciplinary problem. The district's application also identified violence as a concern. However, the coordinator stated that the SDFS activities primarily focused on drugs and alcohol prevention. We believe that preparing a comprehensive plan may have directed more of the program dollars toward violence prevention activities.
- ❑ Another LEA visited, primarily focused the \$73,387 in SDFS funds it received on drug prevention. Fifteen (15) of this LEA's 17 SDFS activities were for drug prevention and only two were for violence prevention. We believe the district should have directed more attention to violence prevention because (a) the district's evaluation report showed that 72 percent of reported incidents for school year 1996/97 were related to violence; (b) the district's needs assessment indicated a moderate problem with discipline; and (c) the district application established a goal to reduce fear and acts of violence in the schools.

Although our audit objectives did not focus on the effectiveness of the LEA's SDFS program services and activities, we believe developing and implementing a comprehensive drug use and violence prevention plan is essential to the success of the program. The risk of having a program without a comprehensive plan is that LEAs could be targeting limited SDFS resources into program services and activities that may not meet the district's goals and objectives. The Act should be more specific and require that LEAs have a comprehensive plan that includes program services and activities that are aligned with their goals, objectives, and realistic milestones. When selecting program services and activities, LEAs should determine how their selections are going to meet their needs and satisfy their goals and objectives.

Recommendation

We recommend that the Assistant Secretary for OESE:

- ① Consider during deliberations on reauthorization changes to the Act to incorporate provisions that will require LEAs to include in their application, a comprehensive plan with a detailed description of SDFS program services and activities. This plan should be aligned with the LEAs' measurable goals and objectives and include milestones.

Department's Comments

The Department responded that the SDFSCA currently requires that LEA applications for program funds include a detailed explanation of the LEA's comprehensive plan for drug and violence prevention, including information about how SDFSCA funds will be used (Section 4115(b)(2) of the SDFSCA).

States' Comments

New Jersey agreed with this recommendation, commenting that linking activities to assessed needs is a problem with some districts in New Jersey. New Jersey indicated they will complete a modification of their consolidated IASA application by February 1, 1999. They further stated that the relationship between the needs assessment, goals and objectives, and activities as described in the Principles of Effectiveness will be stressed. Technical support to districts on this and related points in the IASA application will also be delivered by June 30, 1999.

New York agreed with the recommendation relating to this finding. They stated that while there is a provision in the statute which allows for an LEA to submit a comprehensive plan for drug and violence prevention as part of its application, it does not contain the specific elements cited in the recommendation or alignment with the Principles of Effectiveness.

Texas commented that an LEA's comprehensive drug use and violence prevention program should be aligned with their measurable goals and objectives and include milestones. However, if the SDFSCA activities in the LEA application are required to be too specific, they were concerned that the LEA would lose the flexibility needed to successfully implement their program in a timely manner.

Texas also stated that the Texas LEA application for SDFSCA contains the LEA's comprehensive plan for drug and violence prevention. (See Attachment 1 for Texas' Management Comment Letter.)

Texas further wrote that in an effort to ensure that the LEA's comprehensive plan activities align with LEA program goals, objectives, and activities, the Texas application will be revised to specifically reflect an alignment between the LEA's program activities, needs assessment, and the Principles of Effectiveness. They stated that it should be noted that in addition to the application for funds, LEAs are currently required to identify specific drug prevention and violence prevention goals in the Safe and Drug-Free Schools and Communities Annual Evaluation Report.

Alabama submitted no written comments.

OIG Response

Although the Act requires the LEAs' application to have a comprehensive plan, we believe that the plan should contain specific information about the LEAs' activities and services. Also, the Act should require that the plan be aligned with the LEAs' measurable goals and objectives.

Texas' response indicates that they may have misunderstood it. The recommendation will not change the LEAs' flexibility to select and change SDFS program activities and services.

While the Texas LEA application has items indicated in its management's comments, it does not appear to link the LEA plan to its goals and objectives. The focus of our recommendation was for LEAs to develop a strategy for accomplishing their measurable goals and objectives. Having a comprehensive plan that identifies activities and services and is linked to the LEAs' goals and objective will provide a more effective foundation for them to accomplish their goals and objectives. The OIG believes that the Assistant Secretary of OESE should consider the recommendation during reauthorization. At the same time, the Assistant Secretary of OESE should be aware of Texas' concerns regarding this recommendation.

LEAs Should Be Accountable for Greatest Need Funding

States must allocate at least 91 percent of the SDFS funds they receive to LEAs. Of this total, 70 percent is allocated based on enrollment, and 30 percent based on greatest need. (Appendix A includes a summary of this data for the States and LEAs visited.) The SDFSCA requires that greatest need funds be distributed to LEAs based on objective data such as high rates of alcohol or drug use among young people, and high rates of victimization of youth by violence and crime. At the four States visited, we found that States appeared to be using appropriate methodology and objective data to allocate greatest need money to LEAs. However, the SDFSCA does not require LEAs to plan or report on the use or impact of greatest need funds. As a result, information on the impact of greatest need dollars is not available. Further, without this information, States cannot base decisions on continued greatest need funding of districts based on performance.

States are Properly Allocating Greatest Need Funds

The four States reviewed, used appropriate, objective data to determine which LEAs had greatest need. Listed below are the methodologies:

- ❑ Texas used data on incidents of drug abuse and violence reported by LEAs. It computed a rate of incidents for each LEA. The State ranked LEAs in order of their rate of incidents, and determined a cut-off rate for urban, rural and other. LEAs selected (106) were then funded based on their relative enrollment.
- ❑ New Jersey initially used Title I criteria (poverty) to select the top 10 percent (62 LEAs) in school year 1996-97. Funds were then allocated based on the LEA's relative share of Title I funds. In the subsequent year (1997-98), the State planned to modify the formula to include the number of incidents of violence and substance abuse reported during school year 1995-96.
- ❑ Alabama sent out a questionnaire to LEAs, requesting reliable, statistical data on drug abuse and violence. The State ranked LEAs based on statistical data submitted; and the top 10 percent (12 LEAs), received greatest need funding. The funds were allocated based on relative share of Title I funds and school-aged population.
- ❑ New York contracted with a consulting firm to develop its greatest need methodology. Using risk-indicator data from districts and counties, the State ranked LEAs, and identified the top 10 percent to receive greatest need funding (75 LEAs). Funds were distributed based on relative enrollment.

**LEAs are not Required
to Plan or Report
Separately for
Greatest Need Funds**

The SDFSCA does not require LEAs to plan or report separately for greatest need funds. Our review of nine LEAs receiving greatest need funds indicated that most did not plan for the specific use of these funds. We found that eight of these LEAs spent the greatest need funds in the same way as the regular SDFS, enrollment-based funds, and one LEA targeted the greatest need funds to at-risk students.

The eight LEAs that did not distinguish their greatest need funds from regular SDFS funds, did not plan specifically for spending these funds. The greatest need funds were used to expand the services that were provided by using the regular SDFS funds. The LEA that targeted the greatest need funds to at-risk students, determined that its eighth and ninth grade students were most at-risk, and spent its greatest need funds providing direct services to this group. This LEA, in New York State, said it had decided, without State guidance, to plan for greatest need funds separately. None of the four States we visited, provided guidance to the LEAs as to how the greatest need funds were to be spent.

Two of the LEAs in Alabama said the greatest need allocation process made it difficult to plan for spending these funds. They said their State did not advise its LEAs about 1996-97 greatest need allocations until April 1997. This was too late in the school year for them to effectively spend the money and therefore, the funds had to be carried over into the next school year. The State said the complexity of the process caused the delay. We noted that Alabama's 1997-98 allocations were made earlier in the school year. During our visit, one of the LEAs suggested to us that greatest need funding should be made available for a multi-year period to allow for more effective planning.

LEAs did not report to the States or ED as to how greatest need funds were spent or their effectiveness. The SDFSCA did not require any specific reporting concerning the greatest need funds. Similarly, the four States we visited did not require any specific reporting of greatest need funds.

However, the Act does list nine criteria for States to use in determining which LEAs are greatest need. In our opinion, States should ensure that LEAs receiving greatest need funds are addressing the criteria that caused them to be identified and funded as greatest need.

LEAs should also be held accountable for achieving results in return for the greatest need funding. It should be noted that greatest need funds received by districts we visited was significant in relation to the regular SDFS funds received (See Appendix A). In some cases, the LEAs' greatest need funding exceeds the regular funding. SDFSCA does not specifically contain a provision to allow a State to reallocate a LEA's greatest need funding if it does not show progress.

Recommendations

We recommend that the Assistant Secretary of OESE consider during deliberations on reauthorization changes to the Act:

- ❶ To clarify that States can award greatest need funds for the same multi-year period as regular SDFS funds;
- ❷ To permit States to consider LEAs' planned activities and the effectiveness of their completed activities, as a criterion in awarding greatest need funds; and
- ❸ To permit States to consider the performance of LEAs receiving greatest need funds as a criterion for continued funding.

Department's Comments

The Department did not respond to recommendations #2 and #3 of this finding. In response to recommendation #1, they commented that the SDFSCA currently permits States to award greatest need funding for the same period as "regular" SDFSCA funds (See Section 4113(d)(2) of the SDFSCA).

States' Comments

New Jersey indicated that they concurred with recommendation #1 and #3. In response to recommendation #2 they concurred with the recommendation, but noted that New Jersey's awarding of greatest need funds methodology was changed in 1998-99. The four outcome variables chosen were incidents of weapons use and violence, incidents of substance abuse, school-based treatment referrals and community levels of juvenile delinquency complaints. Eighteen explanatory variables were employed against each of the four outcome variables. The explanatory variables covered education, health, community socioeconomic status, and community levels of admission for drug treatment, incidences of child abuse and neglect and domestic violence arrests. They stated that they will update the data for the 1999-2000 formula.

New York agreed with all three recommendations, noting however that all three were directed to the Assistant Secretary of OESE to consider during deliberations on reauthorization. They indicated that the New York State Education Department will (1) continue to award greatest need funds at the same time as regular SDFSCA funds; (2) as of July 1, 1998 was awarding all SDFSCA funds, including greatest need funds based on the Principles of Effectiveness; and (3) believed that recommendation #3 of this Finding might assist SEAs to strengthen LEA accountability.

Texas made no comments in regards to recommendations #2 and #3. In regards to recommendation #1, they commented that all LEAs have needs related to the prevention of drug use and violence. Therefore, by eliminating the 30 percent set-aside and distributing funds based on enrollment, it was their opinion that a more equitable formula would be achieved.

Alabama submitted no written comments.

OIG Response

While the Act does not prohibit SEAs from awarding greatest need funds for multiple-years, we believe that it is unclear. The Act needs clarification regarding the frequency of LEA applications for greatest needs. The uncertainty of this provision was evident in the draft report comments received from the SEAs on this recommendation. It is the OIG's opinion that the Department needs to clarify this provision and encourage its use.

OTHER MATTERS

Inappropriate Use of SDFS Money for Desegregation Training

One LEA we visited, budgeted \$125,000 of school year 1997-98 SDFS greatest need funds (funds were not within the scope of the audit period) for court ordered desegregation training. The district's rationale for use of the greatest need funding was that the court order created the need. A review of the training program disclosed that its objective was to change teachers' attitudes about student learning. The statute requires that SDFS funds be used to establish, operate, and improve local programs of school drug and violence prevention, early intervention, rehabilitation referral, and education in elementary and secondary schools. Expenditure of the SDFS funds for court ordered desegregation is not consistent with the intent of the Act to prevent drugs and violence in the schools. We advised district officials and they agreed that using the funds may not be appropriate and stated that funds would be reprogrammed for SDFS program services and activities. The State was notified and agreed to monitor the expenditure of the district's SDFS funds.

Recommendation

We recommend that the Assistant Secretary of OESE:

- ① Monitor the expenditure of the LEA that received the \$125,000 in SDFS greatest need funds for school year 1997/98.

Department's Comments

The Department stated that because the SDFSCA State Grants Program is a "state-administered" activity, the Assistant Secretary will work with the appropriate SEA to gather additional information about this issue and determine if corrective action is required.

States' Comments

Texas stated that the LEA was contacted on the inappropriate use of these funds. According to the SEA, the LEA responded with an amendment to their SDFSCA application and re-directed these funds to allowable drug prevention and violence prevention activities based on the needs identified in the district's Safe and Drug-Free Schools and Communities Annual Evaluation Report. The State indicated that they will continue to monitor the LEA on this matter.

Sharing Best Practices

Many districts found it difficult and burdensome to identify activities that would properly address their needs. Discussions with State program coordinators indicated that they were aware that some LEAs were having successes and were considered model programs. However, this information was not shared with other LEAs. In order to obtain information on activities, LEAs found themselves needing to use SDFS funds or district resources to search for activities. States visited were providing assistance to LEAs in the form of development and dissemination of drug and violence prevention material, including video-based projects and model curricula. We believe the States should do more to relieve the added burden LEAs encounter to research and identify SDFS services and activities. One New Jersey LEA suggested that the State identify LEAs with similar district characteristics and publicize best practices and model programs information on the Internet.

The Department has developed the Principles of Effectiveness which took effect July 1, 1998. Principle III requires LEAs to have activities which are researched-based. The use of research-based activities will help ensure that LEAs have effective SDFS activities.

BACKGROUND

The President signed into law on October 20, 1994 the Improving America's Schools Act (IASA) of 1994, Public Law 103-382, which reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). The IASA's primary purpose was to improve the teaching and learning of all children, and in particular those in high-poverty schools, to enable them to meet challenging academic content and performance standards. The IASA encourages systematic educational reform that will ensure that all children acquire the knowledge and skills they will need in the 21st century.

Title IV of the ESEA (the SDFS program) is a critical part of the National systematic reform effort. The purpose of this program was to support other programs by preventing violence in and around schools and by strengthening programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and are coordinated with related Federal, State, and community efforts and resources.

SDFSCA offers States, school districts, schools, and other recipients wide latitude in using SDFS State and Local Grants Program funds to implement the kinds of drug and violence prevention programs that they believe best serve their needs. As part of its effort to increase accountability, the Department of Education developed the Principles of Effectiveness which became effective July 1, 1998. The four Principles of Effectiveness provide guidance to grant recipients on conducting needs assessments, setting measurable goals and objectives, designing and implementing effective research-based programs, and program evaluation. Accountability plays a critical role in balancing the potentially conflicting objectives of increasing State and local flexibility and the attainment of certain national objectives.

Congress authorized and appropriated \$465,981,000 during school year 1996-97. ED sets aside discretionary funds (or SDFS legislated funds) prior to making allocations to States. Then, of the remaining funds (after legislated set aside), 80 percent are provided to State educational agencies for drug and violence prevention activities. The other 20 percent are provided to the Governors' offices for drug and violence prevention activities. (The SDFS Governors' Program and SDFS legislated set asides were not covered by this review.)

ED uses the formula provided in section 4011(b) of SDFSCA - State Allotments to determine how funds are allocated to the States. Only a State's relative share of school-aged population and its relative share of Title I funds are used to calculate a State's allocation. The only exception to this formula is provided for "small States". This exception ensures that no State will receive less than one-half of one percent of the total amount allocated to all States.

The State educational agencies are permitted to use not more than four percent of their allocation for State administration costs and not more than five percent can be withheld for

State level activities. A State educational agency shall distribute not less than the remaining 91 percent of the allocation for each fiscal year to LEAs. Seventy (70) percent of these funds are distributed to LEAs based on the relative enrollments and 30 percent to LEAs that the State educational agency determines has the greatest need for additional funds to carry out drug and violence prevention programs. According to the Act, an SEA could not distribute greatest need funds to more than 10 percent of the LEAs in the State or five such LEAs, whichever is greater.

SCOPE AND METHODOLOGY

The purpose of this audit was to provide information which would be useful to ED and Congress during the 1999 reauthorization of the SDFS program. Our audit included only the SDFS funds allocated to State and local educational agencies. Our scope did not include the SDFS Governors' Program or SDFS legislated set asides. The objectives of our audit were:

- To review the States' and LEAs' processes for developing measurable goals and objectives and to determine if it meets Federal statutes;
- To determine how SDFS funds are allocated from States to LEAs and schools and if expenditures are supported and consistent with the plan;
- To determine if there is an administrative burden on State and local districts applying for and operating the program and if it can be reduced; and
- To ensure that the States' greatest need methodologies are consistent with program objectives.

Our audit period covered school year 1996-97. The four States we audited, received \$66,836,958 of the \$344,223,534 in school year 1996-97 SDFSCA appropriations. This represented 19 percent of the total allocation.

In order to accomplish our objectives, we conducted site visits at the Federal program office, the State educational agencies, and the LEAs for the States selected. We interviewed school officials responsible for the administration of the programs. We also reviewed accounting records, written policies, procedures, guidelines, and applications. Our fieldwork was performed between November 1997 and June 1998. Our audit was performed in accordance with government auditing standards appropriate to the scope of the review described above.

The sampling program we used, involved the random selection of six State educational agencies based on Safe and Drug-Free funding levels. We stratified the 50 States, D.C., and Puerto Rico into three strata based on annual SDFS funding: over \$20 million; \$9 million to \$20 million; and under \$9 million. We randomly selected two States from each stratum. After the first four States were completed, we decided to limit the scope of our audit to those four States (New Jersey, New York, Texas, and Alabama). Within each of the four States, the LEAs were stratified into three strata: over \$200,000; \$10,000 to \$200,000; and under \$10,000. We randomly selected six LEAs from each State, two within each of the three strata. However, in New Jersey we substituted four LEAs receiving under \$10,000 in SDFS funding for one medium and one large LEA.

STATEMENT ON MANAGEMENT CONTROLS

As part of our audit, we assessed the agencies' management control structure, policies, procedures, and practices applicable to the administration of the SDFS program at the Federal program office and the four States reviewed. The purpose of our assessment was to evaluate the level of control risk for determining the nature, extent, and timing of our substantive tests to accomplish our objectives. We assessed and classified the significant controls for the IASA, Title IV into the following categories:

- Review and approval of the State consolidated application and plan;
- Review and approval of the LEA application and plan;
- Records management;
- Allocating of grant funds; and
- Expenditures.

Because of inherent limitations, a study and evaluation made for the limited purposes described above would not necessarily disclose all weaknesses in the agencies' control structure. However, we identified weaknesses and recommended improvements. These weaknesses and their effects are fully described in the Audit Results section of this report.

Appendix A: Summary Chart for States and LEAs Visited

SITE NO.	DISTRICT LOCATION	SIZE	SDFSCA Allocations (1)	Greatest Needs Allocations	Are LEAs Conducting Needs Assessment? (3)	Do Educational Agencies Have Measurable Goals/Objectives? (4)	Do Educational Agencies Have Performance Indicators? (YES or NO) (4)	Type of Indicators? (Outcome or Output)	Do Educational Agencies Use Performance Indicators To Measure Program Effectiveness? (5)	Type of Application?
1	New Jersey SEA	Medium	\$5,144,291	\$2,204,696		YES	YES	Outcome	YES	Consolidated
2	Hopewell Valley Regional LEA	Medium	\$11,142		YES	YES	YES	Output	NO	Consolidated
3	Morris-Union Jointure LEA	Small	\$541		YES	YES	YES	Outcome	YES	Consolidated
4	Paterson LEA	Large	\$128,378	\$127,764	YES	YES	YES	Output	NO	Consolidated
5	Haddon Heights LEA	Small	\$6,251		YES	YES	YES	Outcome	NO	Consolidated
6	Blairstown Township LEA (2)	Small	\$4,104		YES	YES	YES	Output	NO	Consolidated
7	Andover Regional LEA	Small	\$2,341		YES	YES	YES	Output	NO	Consolidated
8	Stanhope Borough LEA	Small	\$1,391		YES	YES	YES	Outcome/Output	NO	Consolidated
9	Wallington LEA	Small	\$5,210		YES	YES	YES	Output	NO	Consolidated
LEA Total			\$159,358	\$127,764						
10	New York SEA	Large	\$16,464,386	\$7,056,165		YES	YES	Outcome	YES	Consolidated
11	Sauquoit Valley LEA	Small	\$7,798		YES	YES	NO	NONE	NO	Consolidated
12	Jordan Elbridge LEA	Small	\$9,828		YES	YES	YES	Output	NO	Consolidated
13	Niagara Falls LEA	Medium	\$52,556	\$46,157	YES	YES	YES	Outcome	YES	Consolidated
14	Rochester LEA	Large	\$208,757	\$183,342	YES	YES	YES	Output	NO	Consolidated
15	New York City LEA	Large	\$6,512,919	\$5,441,532	YES	YES	YES	Outcome	NO (6)	Consolidated
16	Hudson LEA	Medium	\$28,171	\$11,828	YES	YES	YES	Outcome	YES	Consolidated
LEA Total			\$6,820,029	\$5,682,859						
17	Texas SEA	Large	\$17,293,683	\$7,411,578		YES	YES	Outcome	YES	Consolidated
18	Vernon LEA	Medium	\$12,220		YES	YES	YES	Outcome	YES	Program Specific
19	Wichita Falls LEA	Medium	\$73,387		YES	YES	YES	Outcome	YES	Program Specific
20	Columbus LEA (2)	Medium	\$8,251	\$14,441	YES	YES	YES	Outcome	YES (7)	Program Specific
21	Goree LEA (2)	Small	\$347		YES	YES	YES	Outcome	YES (7)	Program Specific
22	Beaumont LEA	Large	\$103,300	\$181,004	YES	YES	YES	Outcome	YES	Program Specific
23	Vysehrad LEA (2)	Small	\$350		YES	YES	YES	Outcome	YES (7)	Program Specific
LEA Total			\$197,855	\$195,445						
24	Alabama SEA	Small	\$3,672,783	\$1,574,050		YES	YES	Outcome	YES	Consolidated
25	Birmingham LEA	Large	\$214,821	\$294,291	YES	YES	YES	Output	NO	Consolidated
26	Mobile LEA	Large	\$360,694	\$494,128	YES	YES	YES	Output	NO	Consolidated
27	Winfield LEA	Small	\$6,977		YES	YES	YES	Output	NO	Consolidated
28	Sheffield LEA	Small	\$7,849		YES	NO	NO	NONE	NO	Consolidated
29	Blount LEA	Medium	\$31,340		YES	YES	YES	Output	NO	Consolidated
30	Calhoun LEA	Medium	\$50,498		YES	YES	YES	Output	NO	Consolidated
LEA Total			\$672,179	\$788,419						

(1) For SEA SDFSCA allocations, the figures do not include 4% Administration and 5% Discretionary Funds
 (2) Participates in a consortium.
 (3) Incorporated into Principles of Effectiveness, Principle #1: Conducting Needs Assessments
 (4) Incorporated into Principles of Effectiveness, Principle #2: Setting Measurable Goals and Objectives

(5) Incorporated into Principles of Effectiveness, Principle #4: Program Evaluation
 (6) Some Community School Districts have them, but it is not documented whether they are using them.
 (7) Part of a cooperative, submits data to Regional Education Service Centers for consolidation

Appendix B: Summary Chart of States and LEA Activities & Services Funded by SDFS Program

SEA and LEA Activities and Services

S I T E N O	DISTRICT LOCATION	Drug-Prevention Instruction	Staff Training	Violence-Prevention Instruction	Special One-Time Events	Student Support Services	Curriculum	Parent Instruction	Conflict Resolution	Before/After School Programs	Community Service Projects	Alternative Education Programs	Security Equipment	Security Personnel	Out-of-School Youth Services	Other
1	New Jersey SEA		X			X	X									X
2	Hopewell Valley Regional LEA	X	X	X		X										
3	Morris-Union Jointure LEA						X									
4	Paterson LEA	X	X	X	X	X	X	X								X
5	Haddon Heights LEA	X	X			X	X			X						
6	Blairstown Township LEA						X									
7	Andover Regional LEA	X				X	X									
8	Stanhope Borough LEA					X										
9	Wallington LEA				X	X										
10	New York SEA						X									X
11	Sauquoit Valley	X				X	X			X						
12	Jordan Elbridge	X	X	X	X	X	X									
13	Niagara Falls	X	X	X		X	X		X							
14	Rochester	X		X	X				X							
15	New York City	X	X	X		X	X			X						
16	Hudson	X	X			X	X			X						X
17	Texas SEA				X											X
18	Vernon ISD LEA	X	X			X	X									
19	Wichita Falls ISD LEA	X	X			X	X									X
20	Columbus ISD LEA	X	X	X		X			X							X
21	Goree ISD LEA	X		X												
22	Beaumont ISD LEA	X	X	X		X										
23	Vysehrad ISD LEA	X														
24	Alabama SEA	X	X	X		X		X								X
25	Birmingham	X		X		X										
26	Mobile	X		X		X				X						
27	Winfield	X				X										
28	Sheffield											X				
29	Blount	X				X										
30	Calhoun	X	X	X		X	X									

This chart represent States and LEA activities & services verified during our on-site work.

ATTACHMENT 1

***U.S. Department of Education / OESE;
New Jersey Department of Education;
New York Department of Education; and
Texas Department of Education***

Management's Comments to
Safe and Drug-Free Schools: Increasing Accountability
and Preserving Flexibility Audit Findings

ED AUDIT CONTROL NO. 03-80001



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE GENERAL COUNSEL

NOV 9 1998

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MEMORANDUM

TO: Mr. Bernard Tadley
Regional Inspector General for Audit

FROM: William Modzeleski *W. Modzeleski*
Director, Safe and Drug-Free Schools Program

Philip H. Rosenfelt *Phil Rosenfelt*
Assistant General Counsel for Elementary, Secondary, Adult and Vocational Education

SUBJECT: Draft Audit Report ACN 03-80001, "Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility"

Thank you for sharing a copy of your draft audit report ACN 03-80001, "Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility." This memorandum provides comments generated by review of this document by the Safe and Drug-Free Schools Program and the Office of the General Counsel. We appreciate the significant investment of resources made by OIG in completing the field work and draft report, and believe that the report provides valuable information and insights about implementation of the Safe and Drug-Free Schools State Grants Program that is consistent with evaluation data, program reports, monitoring results, and other information collected since the reauthorization.

Our review of the draft report identified concerns about a few of the recommendations which we believe could be improved with minor modifications. This memorandum contains comments only about those recommendations. Generally, our concern is that many of the recommendations in the draft audit report are to establish procedures that are already required or permitted by the Safe and Drug-Free Schools and Communities Act (SDFSCA). We offer the following specific comments:

Page 7

Recommendation 1 -- The SDFSCA requires local educational agencies (LEAs) to include measurable goals in their applications for SDFSCA funds (Section 4115(b)(2)(B) of the SDFSCA), but the current law does not require the applications to include outcomes-based performance indicators. While ED has encouraged State educational agencies (SEAs) to have

Page 2 -- Mr. Bernie Tadley

their LEAs include outcomes-based performance goals in applications for SDFSCA funds, we do not have authority to require their inclusion.

Recommendation 2 -- The SDFSCA requires SEAs to report to the Secretary on the outcomes of LEA programs and provide an assessment of their effectiveness (Section 4117(b)(1) of the SDFSCA).

Page 12

Recommendation 1 -- The SDFSCA currently permits SEAs to determine how frequently LEAs must apply to receive SDFSCA funds (Section 4115(a)(1) of the SDFSCA).

Page 14

Recommendation 1 -- The SDFSCA currently requires that LEA applications for program funds include a detailed explanation of the LEA's comprehensive plan for drug and violence prevention, including information about how SDFSCA funds will be used (Section 4115(b)(2) of the SDFSCA).

Page 16

Recommendation 1 -- The SDFSCA currently permits States to award greatest need funding for the same period as "regular" SDFSCA funds (See Section 4113(d)(2) of the SDFSCA).

Page 17

Recommendation 1 -- Because the SDFSCA State Grants Program is a "state-administered" activity, the Assistant Secretary will work with the appropriate SEA to gather additional information about this issue and determine if corrective action is required.

As you know, we are currently developing a proposal for reauthorization of the SDFSCA. Our primary goals for the reauthorization proposal are to further strengthen accountability for program funds and encourage implementation of programs and strategies that are most likely to reduce student drug use and violence. As we develop our proposal, we will carefully consider information produced from a variety of sources including program evaluations, monitoring activities, data furnished in performance reports, and results of your recent program audit.

We appreciate the opportunity to comment on this draft audit report and hope that you will contact us if you have any questions about our comments.



State of New Jersey

DEPARTMENT OF EDUCATION
PO Box 500
TRENTON NJ 08625-0500

CHRISTINE TODD WHITMAN
Governor

LEO KLAGHOLZ
Commissioner

October 27, 1998

Mr. Bernard Tadley
Regional Inspector General for Audit
U.S. Department of Education
100 Penn Square East, Suite 502
Philadelphia, PA 19107

Dear Mr. Tadley:

Staff of the Office of Educational Support Services and Interagency Initiatives have reviewed the October 1998 draft audit report, *Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility*. Per your request, we are commenting on the specific findings and recommendations of the report.

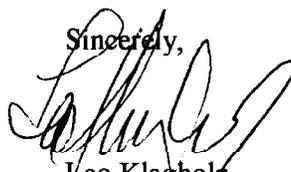
- a) Page 2 (4) LEAs should be accountable for greatest needs funding. The department concurs with the four recommendations contained under this statement.
- b) Page 3 (2, column 2: "However, some LEAs did not plan their SDFS activities to address their needs."). The department agrees that linking activities to assessed needs is a problem with some districts in New Jersey. The department will complete a modification of its consolidated IASA application by February 1, 1999. The relationship between the needs assessment, goals and objectives, and activities as described in the Principles of Effectiveness will be stressed. Technical support to districts on this and related points in the IASA application will also be delivered by June 30, 1999.
- c) Page 6, State Application Review Process. "Three out of four states reviewed (New Jersey, Alabama and New York) did not assure that their LEAs have outcome-based performance indicators. The instructions to districts in New Jersey's IASA application direct districts to indicate, for each objective, the target population and the outcome to be achieved (performance or behavior indicator(s)), rather

than a process indicator(s)). The department's review of approved applications revealed that not all districts (with approved applications) had met this standard for Title IV. In its modification of the IASA application (to be completed February 1), the department will reinforce the need for district-level performance measures to gauge the attainment of objectives. It will continue to collect "outcome-based type information for other purposes" (page 6), e.g., 30-day use rates and violent incident counts for purposes of reporting progress on state-level objectives.

- d) Page 7, More technical assistance from U.S.D.O.E. We concur. The assistance from U.S.D.O.E. should focus on the Principles of Effectiveness.
- e) Page 15 - second bullet, on New Jersey's method of allocating greatest need funds. The department concurs with the finding, but notes that the methodology was changed in 1998-99. The four outcome variables chosen were incidents of weapons use and violence, incidents of substance abuse, school-based treatment referrals and community levels of juvenile delinquency complaints. Eighteen explanatory variables were employed against each of the four outcome variables. The explanatory variables covered education, health, community socioeconomic status, and community levels of admission for drug treatment, incidences of child abuse and neglect and domestic violence arrests. The department will update the data for the 1999-2000 formula.

If you require further information or have any questions regarding our response, you may contact Susan Saravalli, acting director, Office of Educational Support Services and Interagency Initiatives at 609-292-5935.

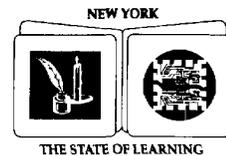
Sincerely,



Leo Klagholz
Commissioner

LK/BA/s:central/dottie/from tom/draft.doc

c: Barbara Anderson
Doug Groff
Rick Wright
Susan Saravalli



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, N.Y. 12234

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October 29, 1998

Mr. Bernard Tadley
Regional Inspector General for Audit
U.S. Department of Education
The Wanamaker Building
100 Penn Square East, Suite 502
Philadelphia, PA 19107

Re: Audit Control Number 03-80001

Dear Mr. Tadley:

Thank you for your October 9, 1998 letter to Commissioner Mills enclosing a copy of the draft audit report entitled *Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility*. The following are the responses to the recommendations contained in the above draft audit report:

- 1. Recommendation – Require states to include in their monitoring efforts a review to ensure that LEA applications have outcome-based performance indicators.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of the Office of Elementary and Secondary Education (OESE), the New York State Education Department will revise its future LEA application requirements to include outcome-based performance indicators within its overall monitoring effort and consistent with the Principles of Effectiveness rule which became effective July 1, 1998.

- 2. Recommendation – Require states to have LEAs report on their actual performance against their performance indicators.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of OESE, the New York State Education Department will strengthen its LEA reporting form for the 1998-99 program year so that LEAs can report on their actual performance as measured against their performance indicators.

3. **Recommendation – Continue to provide technical assistance/guidance to states and LEAs, building on the assistance provided by the Principles of Effectiveness.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of OESE, the New York State Education Department is planning a number of regional workshops in February and March 1999 through our regional Comprehensive School Health and Wellness Centers to provide LEAs with the tools necessary to effectively comply with the Principles of Effectiveness, including those related to measurable goals and objectives (performance indicators).

4. **Recommendation – Consider during deliberations on reauthorization changes to the Act to permit states to accept multi-year applications from LEAs.**

Agree with recommendation. Multi-year applications would reduce both the LEA and SEA administrative burden.

5. **Recommendation – Consider during deliberations on reauthorization changes to the act to incorporate provisions that will require LEAs to include in their application, a comprehensive plan with a detailed description of SDFS program services and activities. This plan should be aligned with the LEAs' measurable goals and objectives and include milestones.**

Agree with recommendation. While there is a provision in statute which allows for a LEA to submit a comprehensive plan for drug and violence prevention as part of its application, it does not contain the specific elements cited in the recommendation or alignment with the Principles of Effectiveness.

6. **Recommendation – To award greatest need funding for the same period as regular SDFS funds.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of OESE to consider during deliberations on reauthorization, the New York State Education Department will continue to award greatest need funds at the same time as regular SDFS funds.

7. **Recommendation – To permit states to consider LEAs' planned activities and the effectiveness of their completed activities, as a criterion in awarding greatest need.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of OESE to consider during deliberations on reauthorization, the New York State Education Department as of July 1, 1998 is awarding all SDFS funds, including greatest need funds based on the Principles of Effectiveness.

8. **Recommendation – To permit states to consider the performance of LEAs receiving greatest need funds as a criterion for continued funding.**

Agree with recommendation. While this recommendation is directed to the Assistant Secretary of OESE to consider during deliberations on reauthorization, it is a recommendation which may assist SEAs to strengthen LEA accountability.

9. **Recommendation – Monitor the expenditure of the LEA that received the \$125,000 in SDFS greatest need funds for school year 1997-98.**

This recommendation does not apply to New York State.

Please do not hesitate to contact Arlene Sheffield of the Department's Comprehensive Health and Pupil Services Team at (518) 486-6090 if you have any need for additional information.

Sincerely,



Richard H. Cate

cc: Commissioner Mills
James Kadamus
Arlene Sheffield



TEXAS EDUCATION AGENCY

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MIKE MOSES
COMMISSIONER OF EDUCATION

November 5, 1998

Bernard Tadley
Regional Inspector General for Audit
U.S. Department of Education
100 Penn Square East, Suite 502
Philadelphia, PA 19107

Dear Inspector Tadley:

Enclosed is a copy of the Texas Education Agency's response to the draft audit report entitled *Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility*. Per your conversation with Ms. Kay Beth Stavley on October 21, 1998, the Agency is required to provide a response to 1) the four recommendations being made to the Office of Elementary and Secondary Education (OESE) and 2) any recommendations specific to Texas.

Should you need clarification on any of the responses to this draft, please contact Ms. Kay Beth Stavley, State Coordinator for Safe and Drug-Free Schools and Communities at 512/463-9086.

Sincerely,

Carol V. Francois
Associate Commissioner
for the Education of Special Populations

CVF/kbs

Enclosure

Response to Draft Audit Report for USDE Office of Inspector General
Safe and Drug-Free Schools: Increasing Accountability and Preserving Flexibility

Below is the Texas Education Agency's response to 1) the four recommendations being made to the Office of Elementary and Secondary Education (OESE) and 2) any recommendations specific to Texas.

Responses to Four Recommendations to OESE

Recommendation #1: OESE should continue to provide technical assistance/guidance to States and LEAs, building on the assistance provided by the Principles of Effectiveness.

Response: *Technical assistance/guidance to States and LEAs on the Principles of Effectiveness is essential. Specifically, technical assistance/guidance is needed regarding Principle 3, implementing activities based on research and evaluation.*

Recommendation #2: OESE should consider during deliberations on reauthorization changes to the Act to permit States to accept multiple-year applications from LEAs.

Response: *Multiple-year applications can improve planning and coordination. This should be an option available to States.*

Recommendation #3: OESE should consider during deliberations on reauthorization changes to the Act to require LEAs to include in their application, a comprehensive plan, with a detailed description of SDFSC program services and activities. The plan should be aligned with their measurable goals and objectives, and include milestones.

Response: *An LEA's comprehensive drug use and violence prevention program should be aligned with their measurable goals and objectives and include milestones. However, if the SDFSC activities in the LEA application are required to be too specific, the LEA will lose the flexibility needed to successfully implement their program in a timely manner.*

Recommendation #4: OESE should consider during deliberations on reauthorization changes to the Act to award greatest need funds for the same period as regular SDFSC funds, and to permit States to consider LEA's planned activities, and the effectiveness of their completed activities, as a criterion in awarding greatest need funding, and for continued funding.

Response: *All LEAs have needs related to the prevention of drug use and violence. Therefore, by eliminating the 30 percent set-aside and distributing funds based on enrollment, a more equitable formula is achieved.*

Responses to Recommendations to OESE Specific to Texas

Recommendation: Require LEAs to prepare a comprehensive plan for drug and violence prevention. This plan should be part of the LEA application and indicate how the LEA is going to meet its measurable goals and objectives, including milestones.

Response: *The Texas LEA application for SDFSC does contain the LEA's comprehensive plan for drug and violence prevention. Below are the missing items cited in the report regarding the LEA application and the Agency responses to these items.*

Missing Item #1: Description of how the plan will be coordinated with programs under the ESEA, the Goals 2000: Educate America Act, and other Acts, as appropriate, in accordance with the provisions of Section 14300.

Response: This item is included in the LEA application. See Attachment #1, SDFSC application (SAS-213R99), pages 12 and 13.

Missing Item #2: Description of the LEA's measurable goals for drug and violence prevention, and a description of how such agencies will assess and publicly report progress toward attaining these goals.

Response: This item is included in the LEA application. See Attachment #2, SDFSC application (SAS-213R99), pages 8, 9, 10, and 12.

Missing Item #3: Description of how the LEA will use its funds under this subpart.

Response: This item is included in the LEA application. See Attachment #3, SDFSC application (SAS-213R99), pages 3 and 4.

Missing Item #4: Description of how the LEA will coordinate such agency's programs and projects with community-wide efforts to achieve such agency's goals for drug and violence prevention.

Response: This item is included in the LEA application. See Attachment #4, SDFSC application (SAS-213R99), pages 7 and 14.

Missing Item #5: Description of how the LEA will coordinate such agency's programs and projects with other Federal, State, and local programs for drug-abuse prevention, including health programs.

Response: This item is included in the LEA application. See Attachment #5, SDFSC application (SAS-213R99), pages 12 and 13.

**Responses to Recommendations to OESE Specific to Texas
(continued)**

Recommendation: Information provided in the LEA application on the Comprehensive Plan was not specific enough to ensure that program services and activities were aligned with the district's measurable goals and objectives.

Response: *In an effort to ensure that the LEA's comprehensive plan activities align with LEA program goals, objectives, and activities, the application will be revised to specifically reflect an alignment between the LEA's program activities, needs assessment, and the Principles of Effectiveness.*

It should be noted that in addition to the application for funds, LEAs are currently required to identify specific drug prevention and violence prevention goals in the Safe and Drug-Free Schools and Communities Annual Evaluation Report. (See Attachment #6, Safe and Drug-Free Schools and Communities Annual Evaluation Report, pages 9 and 10.)

Recommendation: During a visit to an LEA, it was disclosed that the LEA was inappropriately using SDFSC funds for Desegregation Training. The State was notified and agreed to monitor the situation.

Response: *The LEA was contacted on the misuse of these funds. The LEA responded with an amendment to their SDFSC application and directed these funds to allowable drug prevention and violence prevention activities based on the needs identified in the district's Safe and Drug-Free Schools and Communities Annual Evaluation Report.*

The Agency will continue to monitor the LEA on this matter.

FINAL REPORT DISTRIBUTION SCHEDULE

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