UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL
REGION V
111 NORTH CANAL, SUITE 940
CHICAGO, ILLINOIS 60606

FAX: (312) 353-0244

Audit
(312) 886-6503

Investigation
(312) 353-7891

MEMORANDUM

AUG 0 6 2003

TO: Ronald Tomalis
Acting Assistant Secretary
Office of Elementary and Secondary Education

FROM: Richard J. Dowd
Regional Inspector General
for Audit Services

SUBJECT: FINAL AUDIT REPORT
Audit of Cleveland Municipal School District's Set-Aside Funds for District-Wide Activities
Control No. ED-OIG/A05-D0009

Attached is our subject report presenting our findings and recommendations resulting from our audit of Cleveland Municipal School District's Set-Aside Funds for District-Wide Activities.

In accordance with the Department's Audit Resolution Directive, you have been designated as the action official responsible for the resolution of the findings and recommendations in this report.

If you have any questions or wish to discuss the contents of this report, please contact me at 312-886-6503.

Please refer to the above audit control number in all correspondence relating to this report.

Attachment

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Control Number ED-OIG/A05-D0009

Dr. Susan Tave Zelman
Superintendent of Public Instruction
Ohio Department of Education
25 South Front Street, 7th Floor
Columbus, OH 43215-4183

Dear Dr. Zelman:

This **Final Audit Report** presents the results of our audit of Cleveland Municipal School District's (District) administration of Title I, Part A (Title I) of the Elementary and Secondary Education Act of 1965, as amended[1] (the Act), Set-Aside programs[2] for the period July 1, 2001, through June 30, 2002. Our objectives were to determine whether the District (1) consulted with private school officials prior to making decisions concerning Set-Aside services provided from Title I funding, and (2) provided equitable Set-Aside services and other benefits to private school participants with Title I funds.

We provided a draft of this report to the Ohio Department of Education (ODE) and the District. In its response dated June 27, 2003, ODE agreed with our recommendation that it ensure the District develops and implements a comprehensive consulting plan and stated it will continue to monitor District compliance with the consultation requirement. ODE disagreed with our conclusions that the District (1) did not provide meaningful consultation to private schools, (2) did not provide equitable Set-Aside services to private school participants, and (3) had an inconsistent policy for providing substitute teachers. ODE also disagreed with our recommendations that the District restore funds to compensate for inequitable Set-Aside services and questioned costs totaling $60,469.

After reviewing ODE's response, we reclassified $17,402 of the questioned costs as allowable. Other than this reclassification, we have not made any changes to our findings or recommendations based on ODE's response. ODE did not provide any documentation to support changing our findings or recommendations. We have summarized ODE's comments after each finding, and have included the response as an Attachment.

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[1] The Elementary and Secondary Education Act of 1965 was amended by the Improving America's Schools Act of 1994.

[2] Before calculating the per-pupil amount for public and private school children from low income families, the local education agency may set aside Title I funds for district-wide programs and activities.

AUDIT RESULTS

The District (1) did not provide meaningful consultation to private school officials during the design and development of Set-Aside programs; (2) used Title I funds totaling $1,978,820 to provide Set-Aside services for public school participants, but did not provide equitable services to private school participants; and (3) used Title I funds totaling $43,067 to pay for services not rendered to students at a private school.

Finding Number 1 The District Did Not Provide Meaningful Consultation To Private School Officials

The District did not provide meaningful consultation to private school officials during the design and development of Set-Aside programs. To support that it consulted with private school officials, the District only provided a list of private schools it met with and a letter sent to private school principals containing a needs assessment and parental survey. The District did not provide any documentation of what it discussed at these meetings or responses to the needs assessments or parental surveys. Several private school principals stated that the meetings were discussions about Auxiliary Services, which the District provides all private schools with State money. Several principals said the Title I program was not even discussed, and one principal said the District offered no flexibility with the Title I programs it offered. The Diocese of Cleveland's Director of Government Programs stated he would like more consultation with the District regarding the initial budgeting of Title I funds, assessment, professional development, parental involvement, summer school, and in-service programs.

Section 1120(b)(1) of the Act and 34 C.F.R. § 200.10(a) and 11(a) (2001) require that a local education agency consult with appropriate private school officials. To ensure timely and meaningful consultation, the Act requires that local education agencies consult with appropriate private school officials during the design and development of agency programs on issues such as what services will be offered and the size and scope of the equitable services to be provided to eligible private school children. Section 1120 (b)(3) of the Act requires that consultation include a discussion of service delivery mechanisms.

The District did not have procedures in place to ensure it would conduct and document meaningful Set-Aside consultation with private school officials, including discussions of services it would offer, the size and scope of services to be provided, and service delivery mechanisms. The lack of meaningful consultation increased the risk that services and other benefits of Set-Aside programs would not address the needs of private school participants, and would not be equitable to those provided to public school participants.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education direct ODE to

1.1 ensure the District immediately develops and implements a comprehensive Title I consulting plan that outlines how the District will consult with private school officials, including the use of Title I funds. This plan should be developed in conjunction with private school representatives, and agreed to and signed by private school and District officials to ensure meaningful consultation occurs and is documented.

1.2 conduct a monitoring visit to ensure the District implemented the consulting plan.

Auditee Comments

ODE disagreed that the District did not provide meaningful consultation to private schools. To support its position, ODE cited needs assessment meetings the District held with private schools, and referred to a letter from the Diocese of Cleveland's Director of Government Programs that mentions needs assessment meetings. ODE agreed that the District could have kept better documentation of the consultation process and agreed with our recommendation that it ensure the District develops and implements a comprehensive consulting plan. ODE stated that the District has implemented a comprehensive consulting plan, including a detailed list of action steps to ensure enhanced communication and documentation in the future. ODE also stated it will continue to monitor District compliance with the consultation requirement.

Auditor Response

ODE did not provide us with any additional documentation such as agendas, minutes, or information received from the meetings to indicate Title I consultation took place during the referenced meetings with private schools. Contrary to ODE's statement, private school officials have stated that these meetings did not include consultation for the Title I program. ODE did not provide any evidence that the District has implemented or even developed a consultation plan that will ensure it will conduct and document meaningful Set-Aside consultation with private school officials. ODE's response does not provide sufficient support to cause us to change our finding or recommendations.

Finding Number 2 The District Did Not Provide Equitable Set-Aside Services To Private School Participants

The District used Title I funds totaling $1,978,820 to provide Set-Aside services for public school children, parents, and teachers, but did not provide equitable services to private school participants. The District used Title I funds for parental involvement to support school-based community aides only at public schools. Also, it used Title I funds for professional

development to support the Help One Student to Succeed (HOSTS) program only at public schools.

The District spent $1,762,674 of Title I funds to provide 109 school based community aides that planned and implemented the parental involvement program at public schools. The District did not provide any evidence that it made any effort to involve private school parents in the community aide program or that it even made them aware of the program. The former Non-Public Schools Title I Coordinator told us she talked to private school officials and sent notices regarding parental involvement at the beginning of the school year. However, private school principals stated they were not even aware of the community aide program and wanted more parental involvement programs. Also, the Diocese of Cleveland's Director of Government Programs said the Catholic principals wanted parental involvement programs (for example, teacher parent in-service programs), but the District did not offer them.

The District spent $216,146 of Title I funds to provide the HOSTS program at 11 public school sites. We verified with the District's former Non-Public Schools Title I Coordinator and the HOSTS Coordinator that the private schools did not participate in the program. The HOSTS Coordinator stated the private schools would have had to use their Title I per-pupil allocations, rather than Set-Aside for professional development, to have the HOSTS program in their schools. Some private school officials inquired about the program, but they did not participate because of costs totaling $47,000 per school for the first year.

Section 1120(a)(3) of the Act requires that educational services and other benefits for private school children be equitable in comparison to services and other benefits for public school children. Also, 34 C.F.R. § 200.11(b)(2) states that

> Services are equitable if the LEA— (i) Addresses and assesses the specific needs and educational progress of eligible private school children on a comparable basis as public school children; (ii) Meets the equal expenditure requirements...; and (iii) Provides private school children with an opportunity to participate that— (A) Is equitable to the opportunity provided to public school children....

The District did not have a consulting plan in place with procedures to ensure it would provide equitable Set-Aside services to private school participants. Private school participants did not benefit from $1,978,820 of Title I funds, including $1,762,674 for community aides for the parental involvement program and $216,146 for the HOSTS professional development program. Providing funds for community aides and the HOSTS program did not (1) address the specific needs and educational progress of eligible private school participants, or (2) provide private school participants with an opportunity to participate that was equitable to the opportunity provided to public school participants.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education direct ODE to ensure the District

2.1 includes, in its consultation plan developed in response to Recommendation 1.1, procedures to ensure it will provide equitable Set-Aside services to private school participants. The procedures should include meeting with private school officials to discuss their needs regarding professional development and parental involvement. Based on the needs and potential programs discussed, the District should use Title I funds to provide programs for private school participants. The District should maintain documentation to show that it discussed the Set-Aside services with private school officials (for example, have private school officials sign documentation).

2.2 provides an equitable share of Set-Aside services to private school participants in future school years.

2.3 provides services in the upcoming school year, in consultation with private school officials, to compensate for the inequitable Set-Aside services during the audit period.

Auditee Comments

ODE did not address our recommendation to ensure the District includes, in its consultation plan, procedures to ensure it will provide equitable Set-Aside services to private school participants. ODE disagreed that the District (1) did not provide equitable Set-Aside services to private school participants, and (2) should restore funds to compensate for inequitable Set-Aside services. ODE stated that the District will continue to provide an equitable share of Set-Aside services to private school students. The District did not believe the community aide program was intended to be equitably shared with private schools because the aides were originally assigned to the public schools as the result of a federal desegregation case. ODE stated the District will provide professional development opportunities to parent liaisons at private schools to remedy the finding. The District made the HOSTS program available to private schools on the condition the private schools provide HOSTS teachers from their General Funds, as the District did. However, none of the private schools chose to participate. The District will further discuss the needs of private schools to come to an agreement for providing training services to private school tutors.

Auditor Response

ODE did not dispute our conclusions that private schools did not participate in the community aide or HOSTS programs. ODE's explanation that the community aide program is the result of a plan to remedy a federal desegregation case does not justify the District's use of Title I funds for a Set-Aside program that did not meet the equitability requirements of the law and regulations. Unless the District modifies the community aide program to meet the equitability requirements, the program will continue to be inequitable. The District informed us that it paid for HOSTS teachers with its General Funds, but documentation it

provided during our field work shows Title I funds paid for these teachers. Title I funds set aside for the HOSTS program only benefited public school participants. By making the HOSTS program available to private school participants only if the private schools paid for it with their own funds, the District did not meet the equitability requirements for the program. We have not changed our conclusion or recommendations based on ODE's comments.

Finding Number 3 Title I Funds Paid For Services Not Rendered To Students at a Private School

From late November 2001, through the end of the school year, the District used Title I funds to pay the salary of a Title I teacher assigned to Urban Community School, even though the teacher did not actually provide services to students at the school. The Title I teacher, a District employee who was to provide five days of Title I services, stopped providing services on November 28, 2001, and took a leave of absence through the end of the school year. Using Title I funds, the District paid the Title I teacher's salary for the entire leave of absence. The District did not provide a substitute until April 2002, four months after the teacher left.

The District did not immediately replace the teacher because it does not apply its substitute policy to a private school. According to its policy, if a District teacher takes sick leave, the District continues to pay that teacher's salary and must make every effort to find a regular substitute. Each District school has a separate fund established from which it pays substitutes for teachers on sick leave less than 10 days. After the 10th day of leave, the District covers the cost of substitutes using the General Fund. The District's Chief Financial Officer said there are no such funds to provide substitutes for Title I teachers at private schools. He said the District does not provide its own funds to pay substitutes at private schools because it feels it should not subsidize federal grants.

Office of Management and Budget Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment A, Paragraph C.3* (1997) states that a cost is allocable to a particular cost objective in accordance with relative benefits received. From late November 2001, through the end of the school year, the District charged Title I for the teacher's salary and fringe benefits of $43,067 for which Title I received no benefits. Title I students at Urban Community School received no benefits from these charges. Therefore, the costs are unallowable.

Recommendations

We recommend that the Assistant Secretary for Elementary and Secondary Education direct ODE to ensure the District

3.1 restores $43,067 to Urban Community School's Title I allocation in the upcoming school year to provide Title I services to private school participants.

3.2 establishes and implements written policies for providing Title I substitutes to ensure those policies are comparable for District teachers at private schools.

Auditee Comments

ODE disagreed with the unallowable costs. ODE stated that the District agreed no services were provided to students at a private school, but for a shorter time frame than we concluded. The District granted leave to the teacher on December 26, 2001, began searching for a substitute to start after a two-week winter break (ending January 7, 2002), and identified and assigned a long-term substitute on March 20, 2002. Students required no services during the winter break and three other school holidays, resulting in no services being provided for a timeframe that was less than two months. ODE provided a written attestation from the substitute teacher stating he began working at Urban Community School on March 20, 2002, for one day a week, and provided Title I services to another private school the other four days of the week.

ODE disagreed that the District had an inconsistent policy for providing substitute teachers. ODE also summarized the District's policy for providing substitutes for teachers at District schools using funds from each school's substitute fund (for the first 10 days) and the General Fund (after 10 days). Urban Community School refused to pay for the substitute with its own funds. ODE said it would encourage public and private schools to budget for substitutes from their per-pupil amounts. ODE also expressed a concern with expecting districts to provide, with their own funds, substitutes at private schools.

OIG Response

ODE did not provide sufficient documentation for us to revise our conclusion that the teacher at Urban Community School provided no Title I services from late November, 2001 through the end of the school year. According to Urban Community School's Principal, the teacher last reported to work on November 28, 2001. The day the teacher began his absence, not the dates the employee requested leave or the District granted leave, is relevant to the computation of the period in which the employee did not provide services. Therefore, the $43,067 based on the teacher's salary and fringe benefits for the period remains unallowable. Because ODE provided additional documentation that the substitute provided Title I services, we reclassified $17,402 for the substitute's salary and fringe benefits as allowable.

Title I teachers at both public and private schools are District employees. Therefore, the District should treat these positions consistently. If a Title I teacher at a public school went on an extended leave of absence, the District would provide a substitute. After the 10th day of leave, the District would cover the cost of a substitute using the General Fund, not Title I funds. Because the District did not follow this procedure to provide a substitute Title I teacher at a private school, it applied its policy for providing substitutes inconsistently. We have not changed our conclusion or recommendation regarding the substitute teacher policy.

BACKGROUND

The Act (Public Law 103-382) authorized the Title I program during our audit period.[3] The program provides funds for supplemental educational services for eligible public and private school students living in high-poverty areas. The program provides, through state educational agencies, formula grants to local educational agencies to help low-achieving children meet challenging state curriculum and student performance standards in core academic subjects. Title I program services target children who are failing, or at most risk of failing, to meet state academic standards. Before calculating the per-pupil amount for public and private school children from low income families, the local education agency may set aside Title I funds for district-wide programs and activities. Allowable Set-Aside activities are contained in 34 C.F.R. § 200.27.

ODE allocated $34,076,927 in Title I funds to the District for fiscal year 2002. Of this amount, the District budgeted $8,721,151 for the following Set-Aside activities:

Administration	$1,504,470
Parental Involvement	$2,762,113
Professional Development	$ 590,490
Neglected Children	$ 242,045
Homeless Children	$ 190,000
Basic Skills	$2,280,960[4]
Indirect Costs	$1,151,073
	$8,721,151

OBJECTIVE, SCOPE, AND METHODOLOGY

The objectives of our audit were to determine whether the District (1) consulted with private school officials prior to making decisions concerning Set-Aside services provided from Title I funding, and (2) provided equitable Set-Aside services and other benefits to private school participants with Title I funds[5] for the period July 1, 2001, through June 30, 2002.

To accomplish our objectives, we

1. reviewed the financial statement and Office of Management and Budget Circular A-133 audit report for the year ended June 30, 2001, prepared by an independent accountant;
2. reviewed the District's Consolidated Local Project Plan approved on October 26, 2001;

[3] The No Child Left Behind Act of 2001, signed into law January 8, 2002, currently authorizes the Title I program and still requires consultation with private school officials and equitability of Set-Aside services.
[4] Represents the Title I per-pupil amount for 4,455 private school children eligible for Title I services.
[5] We did not determine the equitability of benefits provided by Title I funds for neglected and homeless children because these funds only benefited children at residential sites and shelters, respectively.

3. reviewed the District's organization chart, expenditure reports, payroll records, documentation of the uses of Title I funds for Set-Aside services, and other documents provided by District and private school officials;
4. reviewed ODE's Title I Program Review Checklist For Fiscal Year 2002 and its policies and procedures for monitoring the District's compliance with consultation and equitability requirements; and
5. interviewed various District employees, officials from Catholic and other private schools, ODE personnel, independent accountant personnel, and Department of Education personnel.

The Director of Government Programs for the Diocese of Cleveland contacted the Office of Elementary and Secondary Education with concerns about the District's Title I program. The Director stated he was not satisfied with the quality of instruction the District provided for private school participants. Also, the District was not providing equitable services for the teachers and families of participating Catholic school students. We selected the District based on these concerns. To determine whether these concerns were valid, we judgmentally selected and interviewed 9 of 61 private school principals regarding Set-Aside consultation and equitability of benefits. We interviewed 4 of 7 non-Catholic school principals (selected 4 schools with the largest Title I allocations), and 5 of 54 Catholic school principals (selected 2 schools with the largest allocations and 3 schools with medium allocations).

We conducted our field work at the District's administrative offices in Cleveland, Ohio, during the period December 9, 2002, to February 14, 2003; and at ODE's administrative offices in Columbus, Ohio, during the period February 10, 2003, to February 12, 2003. We discussed the results of our audit with District and ODE officials on March 11, 2003.

Our audit was performed in accordance with generally accepted government auditing standards appropriate to the scope of the audit described above. We did not rely on computer-processed data to achieve our audit objectives.

STATEMENT ON MANAGEMENT CONTROLS

We did not assess the District's management control structure applicable to Title I funds because it was not necessary to achieve our objectives. However, our review of (1) the District's consultation with private school officials, and (2) the equitability of services and other benefits of Title I funds to private school participants disclosed instances of non-compliance with federal law and cost principles. These instances led us to believe weaknesses existed in the District's controls over Title I funds. These weaknesses and their effects are discussed in the AUDIT RESULTS section of this report.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit.

Ronald J. Tomalis, Acting Assistant Secretary
Office of Elementary and Secondary Education
U.S. Department of Education
FOB-6, Room 3W300
400 Maryland Avenue, SW
Washington, D.C. 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

Sincerely,

Richard J. Dowd
Regional Inspector General
for Audit

Attachment

cc: Ms. Barbara Byrd-Bennett, CEO, Cleveland Municipal School District

Department of
Education

Susan Tave Zelman

Superintendent of Public Instruction

June 27, 2003

Mr. Richard J. Dowd
Regional Inspector General for Audit
United States Department of Education
Office of Inspector General
111 North Canal, Suite 940
Chicago, IL 60606

Dear Mr. Dowd:

Thank you for the opportunity to provide written comments regarding the findings and recommendations of your Draft Audit Report of the Cleveland Municipal School District's administration of Title I, Part A, (July 1, 2001 through June 30, 2002). We appreciate the courtesies you and your team members have extended to us. It is our hope that we can resolve the important issues raised in your report.

After careful review of your draft report, several consultations with the Cleveland Municipal School District and examination of records; we believe that our comments will shed more light on some of the findings and recommendations contained in your draft report. The District and ODE have already instituted some practices that mirror or build upon several of your recommendations. Our aim is to continually do business in such a way that all disadvantaged children in Ohio improve academically. These responses are offered with that aim in mind.

Findings

Finding #1: The district did not provide meaningful consultation with private school officials during the design and development of Set-Aside programs.

ODE Response: The District did engage in consultation with non-publics. The District scheduled and held "needs assessment" meetings with numerous non-public schools in January and February 2001 prior to the beginning of the 2001-2002 school year being audited. Documentation was provided as to the meeting times and dates with all of the non-public schools. In addition, documentation in the form of a letter was provided to the Federal auditors from the Director of Government Programs of the Cleveland Catholic Diocese representing over 90% of all non-public schools acknowledging Title I "needs assessment" meetings for the 2001-2002 school year.

Without question both the District and ODE agree that the District could have kept better documentation of the consultation process. To ensure enhanced communication and documentation in the future the District now has a detailed list of action steps in place. ODE will continue to monitor District compliance with its plan and the consultation legal requirement. Please note that before any consolidated application can receive final approval from ODE all signed paper consultation forms must be submitted to our office.

Finding #2: Used Title I funds totaling $1,978,820 to provide Set-Aside services for public school participants, but did not provide equitable services to private school participants.

ODE Response: Nonpublic participants were informed of professional development activities and relevant parent liaison training opportunities. A hard copy of the Professional Development Course Catalog was made available to all public, non-public schools and libraries. It listed the professional development activities offered for the 2001-2002 school year. This document was also accessible online at www.cmsdnet.net.

Help One Student to Succeed (HOSTS) was included within the professional development budget because it was intended for training HOSTS teachers. The District made these services available to non-public participants at "needs assessment" meetings on the condition that the non-public schools provide HOSTS teachers from their General Funds, as the District did. None of the non-public schools elected to participate.

We agree that early communication is key. The District will further discuss the needs of the non-public schools in regard to HOSTS or other appropriate set-asides and come to a mutual documented agreement in terms of providing training services to tutors within the non-public schools. The District will continue "face-to-face" consultation meetings with the non-public schools to describe federal title programs available to non-public schools, identify their needs and answer their questions and concerns so that they can make appropriate decisions regarding program participation.

In regard to the Parental Involvement funding used to provide community aides to the public schools, the District does not believe this service was intended to be equitably shared with the non-public schools. The community aides were originally assigned to the public schools as part of a plan involving remedies related to a federal desegregation case. This plan and remedy did not involve non-public schools. However, the District will offer parent liaison professional development opportunities to non-public schools that are offered to public schools.

Finding #3: The district used Title I funds totaling $60,469 to pay for services not rendered to students at a private school.

ODE Response: The District respectfully disagrees with the dates claimed that no service was provided. The teacher assigned to Urban Community School applied for a leave of absence on 12/18/01 and was granted leave on 12/26/01 (as evidenced by the signed leave of absence form attached). Once the District became aware of the pending absence at Urban Community School, the search began for a long-term substitute to start after the completion of the two-week winter holiday break (ending 1/7/02). A substitute was identified and assigned on 3/20/02 to Urban Community School for the remainder of the school year as evidenced by an attestation statement provided by the substitute teacher. The teacher worked at Urban Community School one day a week. Furthermore, it should be noted that school was not in session and therefore, students required no services during the two-week winter break, Dr. Martin Luther King, Jr. Day, President's Day, and a professional day during the timeframe cited above thereby reducing the timeframe to less than two months.

In addition, we respectfully disagree that the substitute practice was inconsistently applied between public and non-public schools. The District practice is not to provide substitutes to any federally or state funded programs unless specifically budgeted within the grant. The District maintains a pool of building substitutes within each school, paid for by the District's General Fund, who fill in where needed in that school. If a building needs more substitutes than its pool provides, the District then locates additional substitutes, again paid for from the District's General Fund. The first ten days where a substitute replaces

the regular teacher is paid from the respective schools' General Fund school-based budget. After these ten days, the substitute cost is charged to a central District General Fund cost center.

The District provides scheduling services to non-public schools for substitute teachers, provided the non-public school is willing to pay the cost of the substitute teacher from their General Funds as the District does. The Urban Community School (non-public school did not choose to take this option when offered because it was unwilling to commit its General Fund monies. Nevertheless, the District still provided a substitute teacher that was charged to Title I only while providing Title I services. In the future, both public and non-public schools will be encouraged to budget for substitutes from the per pupil allocation. ODE will strongly encourage and the District plans to hold discussions with the non-public schools to establish policies and procedures for the substitute issue.

The State is particularly concerned about the policy implications around the state if districts are expected to provide substitutes for non-public schools out of the public school portion of funds or out of general revenue funds. The consequences would be particularly onerous to small and rural public schools with limited Title I and general revenue funding. No one can forecast who is going to be out for extended leave. In the case of Cleveland, it would appear that their practice was to not use Title I funds to provide Title I substitutes for the public schools. It would be inconsistent for them to use Title I funds to provide substitutes for non-public schools.

Recommendations

Recommendation #1: Immediately develop and implement a comprehensive consulting plan to ensure the District consults with private school officials.

ODE Response: We concur. The District had taken the initiative and has implemented a comprehensive consulting plan. In addition ODE will require documentation in the form of minutes and/or an agenda as to the agreements reached at the meetings. All districts in the state are required to submit signed nonpublic consultation forms prior to approval of their consolidated applications. There is one non-public signoff for consortium schools.

Recommendation #2: Provide an equitable share of Set-Aside services to private school participants in future school years.

ODE Response: The District will continue to provide an equitable share of appropriate set-asides. The district's move to provide non-public schools with professional development opportunities offered to their parent liaisons should remedy the findings.

Recommendation #3: Restore in FY04 Title funds set-aside during the audit period.

ODE Response: We believe that the non-publics received their equitable share of set-asides and that no restoration funds are warranted.

Recommendation #4: Restore $60,469 to the Urban Community School.

ODE Response: Based on the information that we have reported in Finding #3 there is no need to restore funding in the above amount to Urban Community School.

Recommendation #5: Establish and implement written policies for Title I substitutes that are comparable for district teachers at private schools.

ODE Response: It would be appropriate for the District and non-publics to cooperatively develop an approach to resolving the substitute issue. As mentioned earlier the non-public schools could earmark some of their Title I dollars to cover anticipated substitute costs.

We are available to discuss these comments and any other questions you might have. Feel free to contact Stephen Barr, Ed.D. with the Office of Reform and Federal Student Programs, Ohio Department of Education at (614) 752-1597.

Sincerely,

Susan Tave Zelman

Susan Tave Zelman
Superintendent of Public Instruction

STZ/SB/RD/kab
Enclosures

C: Stephen L. Barr
Rosie Doughty
Cleveland Municipal School District