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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

AUG 16 2007

Honorable Rick Melmer
Cabinet Secretary
South Dakota Department of Education
700 Governors Drive
Pierre, South Dakota 57501-2291

Dear Secretary Melmer:

During the week of June 11, 2007, a team from the U. S. Department of Education's (ED) Student Achievement and School Accountability Programs (SASA) office reviewed the South Dakota Department of Education's (SDDE) administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act (NCLB):

- Title I, Part A (Basic);
- Title I, Part B, Subpart 3 (Even Start);
- Title I, Part D (Neglected and Delinquent); and
- Title X, Part C, Subtitle B (McKinney-Vento Homeless Education Assistance Improvements Act of 2001).

Enclosed is a report based upon this review.

The 2006-2007 fiscal year begins the second full cycle of monitoring for these requirements under NCLB. Based on three years of monitoring, we have learned significantly more about the status of States, districts, and schools in implementing the requirements of Title I. For the first time, ED has collected data on critical compliance issues under NCLB in all States. This knowledge has informed the current cycle of monitoring, and is reflected in the procedures and monitoring protocols utilized in the onsite review process.

The ESEA, as reauthorized as NCLB, has increased the emphasis on accountability for all students, and focused on States' responsibilities to work with districts and schools to improve instruction and student achievement. ED will continue to work closely with States to define their responsibilities in implementing the requirements of NCLB.

Monitoring for the Title I, Part A; Even Start; Neglected or Delinquent; and Homeless Education programs will continue to be conducted in three broad areas – accountability; program improvement, parental involvement and options; and fiduciary responsibilities.

Prior to, during, and following the onsite monitoring review, the ED team conducted a number of activities (described in the enclosed report) to verify compliance with the critical monitoring indicators in each of the three broad areas for all four programs.

The enclosed report contains a listing of the critical monitoring elements in each of the three areas for the four programs monitored, a description of the scope of the monitoring review, and the findings, required corrective actions and recommendations that the ED team cited as a result of the review. Each State that participates in an onsite monitoring review and that has significant compliance findings in one or more of the programs monitored will have a condition placed on that program's grant award specifying that the State must submit (and receive approval of) documentation that all compliance issues identified in the monitoring report have been corrected. Following an onsite review, ED will issue a draft monitoring report within 35 business days of the team's return. The State educational agency (SEA) then has five days to review the report and provide technical comments before the report is issued in final. Following the issuance of the final report, the SEA then has 30 business days to respond to all of the compliance issues identified in that report.

ED staff will review the SEA's response for sufficiency and will determine which areas are acceptable and which will require further documentation of implementation. ED will allow 30 business days for receipt of this further documentation, if required. ED recognizes that some corrective actions may require longer than the prescribed 30 days, and in these instances, ED will work with the SEA to determine a reasonable timeline. When the SEA believes that additional time is required to implement specific corrective actions, it must submit a request for such an extension in writing to ED, including a timeline for completion of all related actions. In all cases, however, evidence of implementation of actions designed to correct all compliance issues identified in the monitoring report must be submitted and approved by ED prior to removing the condition on the State's grant awards.

Please be aware that the issues presented in the enclosed report reflect the status of compliance in 2007 at the time of SASA's onsite review. The SEA may receive further communication from ED that will require it to address noncompliance occurring prior or subsequent to the onsite review.

The ED team would like to thank Diane Lowery and her staff for their hard work and the assistance they provided prior to and during the review in gathering materials and in

providing access to information in a timely manner. The ED team was impressed with the efforts of your State's staff to implement the many requirements of the four programs monitored.

We look forward to working further with you and your staff to resolve the issues contained in this report and to improve the quality of Title I programs in South Dakota.

Sincerely,

Zollie Stevenson, Jr., Ph.D.
Acting Director
Student Achievement and
School Accountability Programs

Enclosure

cc: Diane Lowery, Title I Unit Director

South Dakota Department of Education
June 11-15, 2007

Scope of Review: A team from the U.S. Department of Education's (ED) Student Achievement and School Accountability Programs (SASA) reviewed the South Dakota Department of Education (SDDE) the week of June 11-15, 2007. This was a comprehensive review of the SDDE's administration of the following programs authorized by the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the No Child Left Behind Act (NCLB): Title I, Part A; Title I, Part B, Subpart 3; and Title I, Part D. Also reviewed was Title X, Part C, Subtitle B of NCLB (also known as the McKinney-Vento Homeless Education Assistance Improvements Act of 2001).

In conducting this comprehensive review, the ED team carried out a number of major activities. In reviewing the Part A program, the ED team conducted an analysis of State assessments and State Accountability System Plans, reviewed the effectiveness of the instructional improvement and instructional support measures established by the SDDE to benefit local educational agencies (LEAs) and schools, and reviewed compliance with fiscal and administrative oversight requirements required of the SDDE. During the onsite week, the ED team visited two LEAs – (the Sioux Falls School District and the Andes Central School District) and interviewed administrative staff, staff from eight schools that have been identified for improvement in the LEAs, and conducted two parent meetings. The ED team then interviewed LEA personnel to confirm data collected in each of the three monitoring indicator areas. As part of the expanded monitoring for public school choice and the supplemental educational services (SES) portion of the review, the ED team reviewed only these requirements in the Todd County and Eagle Butte School Districts. The team interviewed LEA and school administrators and SES providers in these LEAs.

In its review of the Title I, Part B, Subpart 3 Even Start program, the ED team examined the State's request for proposals, State Even Start guidance, State indicators of program quality, and the most recent application and local evaluation for The Right Turn Inc. Even Start project in Pierre and the Volunteers of America Even Start project in Sioux Falls. During the onsite review, the ED team visited these local projects and interviewed administrative and instructional staff. The ED team also interviewed the Even Start State Coordinator to confirm information obtained at the local sites and to discuss State administration issues.

In its review of the Title I, Part D program, the ED team examined the State's application for funding, procedures and guidance for State Agency (SA) applications under Subpart 1 applications, technical assistance provided to the SA, the State's oversight and monitoring plan and activities, SA subgrant plans and evaluations of the South Dakota Department of Corrections (DOC) and South Dakota Department of Youth Services (Subpart 1) and Sioux Falls and East Dakota School Districts (Subpart 2). The ED team interviewed administrative, program and teaching staff. The ED team also interviewed the SDDE Title I, Part D State coordinator to confirm information obtained at the State agency site and discuss administration of the program.

In its review of the Education for Homeless Children and Youth program (Title X, Part C, Subpart B), the ED team examined: the SDDE's procedures and guidance for the identification, enrollment, and retention of homeless students; the technical assistance provided to LEAs with and without subgrants, the State's McKinney-Vento application; and the LEA applications for subgrants and local evaluations for programs in Sioux Falls School District, West Central School District, and Rapid City School District. The ED team also interviewed the SDDE McKinney-

Vento State coordinator to confirm information obtained at the local site and discuss administration of the program.

Previous Audit Findings: None to report.

Previous Monitoring Findings: ED last reviewed Title I, Parts A and B in South Dakota the week of March 22, 2004. At that time, there were findings for Title I, Part A, in the area of supplemental educational services, LEA provision of services to children attending non-public schools, and an issue with supplanting. The SDDE had a timeline waiver in place under the standards, assessment and accountability indicator.

Findings for Title I, Part B included the evaluation of the progress of each subgrantee; the use of indicators of program quality to monitor, evaluate, and improve local programs; the provision for an independent evaluation of the program that is used for program improvement; use of high-quality, intensive instructional programs that promote adult literacy; meeting the qualification requirements for instructional staff; ensuring families' participation in all core instructional services; the provision of services to eligible students attending non-public schools; and the local projects' compliance with the remaining equitable participation provisions under sections 9501-9506 of the ESEA.

Overview of Public School Choice and SES Implementation

Based on preliminary Consolidated State Performance Report data, the SDDE reported that in the 2006-07 school year, 45 schools would be in different stages of improvement. Of these schools, 10 were in their first year of improvement, 14 were in their second year of improvement, and 7 were in corrective action. Additionally, 12 schools were in the planning year of restructuring and 2 schools were in the implementation of restructuring.

Public School Choice

Data submitted to ED for the review related to public school choice indicated that in the 2006-2007 school year 45 schools were required to offer public school choice. For that school year, five students out of 13,089 students who were eligible to transfer to another public school under the Title I provisions for public school choice exercised the option to transfer. The cost of transportation was $24,345.00.

All schools in South Dakota participate in "open enrollment." Typically, during the spring, parents who wish to transfer their child to a different school apply for open enrollment. Parents interviewed in the Sioux Falls School District and Andes Central School District stated that they did not participate in school choice primarily because they would have taken advantage of open enrollment if they wanted to transfer. Additionally, parents gave the following reasons for not taking advantage of the opportunity to transfer because they wanted (1) the convenience of sending their child to the neighborhood school and (2) the opportunity for their child to attend the school that the rest of their children had attended. Most parents were confident that their schools, though identified for improvement, were "doing okay" and doing an appropriate job of educating their child and had no desire to transfer to another school.

Supplemental Educational Services (SES)

Through an application and review process, the SDDE approved 17 SES providers for the 2006-2007 school year. Within this list, each district had access to at least 10 SES providers on the

approved list who were willing to provide services for students in the district's area ranging from online programs, tutoring in the home programs, and programs based at the child's school.

For the 2006-2007 school year, 34 schools were required to offer SES. This is an increase from 28 schools in the 2005-2006 school year and 19 schools in the 2004-2005 school year. Out of 7974 students who were eligible to apply, 240 applied and 233 actually received SES services. As reported by SDDE, some of the providers are still providing summer services, and all the districts have not reported the amounts spent. At the time of the data collection for the report, only 5 districts had reported the SES expenditures with 8 districts still to report. For the five districts that have reported to the SDDE, $90,396.50 has been spent on SES services.

Interviews with parents, LEA staff and SES providers revealed several concerns. Parents articulated that they did not take advantage of SES because it was not offered at the school building. Additionally, if services had been offered after school at the school, then they would have signed their students up for services. Providers expressed difficulty with coordinating information with teachers, and many principals reported that they did not know what was going on with the SES services that were being provided to the students in their school. One LEA staff member expressed frustration that the SES services provided were not in the subject area that the SES provider had been asked to provide support.

Most providers reported starting the actual delivery of services in November or December. However, there were several cases where services were not provided until January and one case where services did not start until March.

The SDDE is actively involved in coordinating work and using resources from its parent information resource center, the South Dakota Parent Resource Network. Included in the resources used is a "Parent's Guide to Choosing a Supplemental Education Service Provider." Additionally, the SDDE held a conference in April 2007 targeted to providing technical assistance to SES providers. The SDDE has the SES provider application and policies on the State web site as well as links to outside organizations and other States that have toolkits and sample contracts and agreements listed on their websites.

Overarching Requirement – SEA Monitoring

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

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

Status: See indicator 1.2 on page 23 of this report.

Title I, Part A
Summary of Monitoring Indicators

Monitoring Area 1, Title I, Part A: Accountability			
Indicator Number	**Description**	**Status**	**Page**
1.1	The SEA has approved systems of academic content standards, academic achievement standards and assessments (including alternate assessments) for all required subjects and grades, or has an approved timeline for developing them.	Pending Peer Review	6
1.2	The SEA has implemented all required components as identified in its accountability workbook.	Met Requirements Observation	6
1.3	The SEA has published an annual report card as required and an Annual Report to the Secretary.	Finding	6
1.4	The SEA has ensured that LEAs have published annual report cards as required.	Finding	6
1.5	The SEA indicates how funds received under Grants for State Assessments and related activities (Section 6111) will be or have been used to meet the 2005-06 and 2007-08 assessment requirements of NCLB.	Finding	7
1.6	The SEA ensures that LEAs meet all requirements for identifying and assessing the academic achievement of limited English proficient students.	Met Requirements	N/A

Title I, Part A
Monitoring Area: Standards, Assessments and Accountability

Indicator 1.1 - The SEA has approved systems of academic content standards, academic achievement standards and assessments (including alternate assessments) for all required subjects and grades, or has an approved timeline for developing them. Pending peer review.

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

Observation: Religious exemption after 8th grade

Graduation rate is the additional indictor for high schools in making adequate yearly progress (AYP) determinations. ED staff became aware that in the Andes Central School District, Lakeview Colony students attend school through grade 8. These students are not counted as dropouts due to State Law 13-27-1.1. State law allows a religious exemption after eighth grade.

Indicator 1.3 – The SEA has published an annual report card as required and an Annual Report to the Secretary.

Finding: The SDDE's report card did not include all of the required information.

- The report card did not include information about the professional qualifications of teachers in the State, including percentage of such teachers teaching with emergency or provisional credentials, and the percentage of classes not taught by highly qualified teachers in the aggregate and disaggregated by high-poverty compared to low- poverty schools.

- Rather than the "high-poverty" compared to "low-poverty" distinction, for classes taught by highly qualified teachers, the State report card makes the distinction as 2006 " highest quartile" and 2006 "lowest quartile". No explanation is provided on the report of the distinction that is being made, nor the definition of the term "quartile" in a way that parents or the general public would understand.

Citation: Section 1111(h)(1)(C)(vii) of the ESEA requires that the State annual report card include the professional qualifications of teachers in the State, including percentage of such teachers teaching with emergency or provisional credentials, and the percentage of classes not taught by highly qualified teachers in the aggregate and disaggregated by high-poverty compared to low-poverty schools.

Further action required: The SDDE must submit to ED a template of the State report card that includes the required language of the teacher quality comparison between high-poverty to low-poverty schools.

Indicator 1.4 – The SEA has ensured that LEAs have published annual report cards as required.

Recommendation: The SDDE should work with its LEAs to ensure that LEA report cards and individual school reports include all the information required in the Statute. LEA report cards and individual school reports did not include all required information. LEA and school reports

did not include the professional qualifications of teachers in the State, including the percentage of such teachers teaching with emergency or provisional credentials, and the percentage of classes not taught by highly qualified teachers, in the aggregate and disaggregated by high-poverty compared to low- poverty schools.

Citation: Section 1111(h)(1)(C)(vii) and section 1111 (h)(2)(A)(I) of the ESEA require States to ensure that each local educational agency collects appropriate data and includes in the local educational agency's annual report the information described in paragraph (1)(C) as applied to the local educational agency and each school served by the local educational agency.

Further action required: The SDDE must submit to ED a template of the LEA report card that includes the appropriate language associated with the required comparison of highly qualified teachers at the district and school levels. When the LEAs report cards for Spring 2007 are completed, the SDDE must submit them to ED.

Indicator 1.5 – The SEA indicates how funds received under Grants for State Assessments and related activities (section 6111) will be or have been used to meet the 2005-06 and 2007-08 assessment requirements of NCLB.

Finding: Although the SDDE provided a cost breakdown between activities for development and other supportive activities, information pertaining to how funds received under Grants for State Assessments and related activities (section 6111) will be or have been used to meet the 2005-06 and 2007-08 assessment requirements of NCLB was requested but not provided during visit.

Citation: Section 6111 (1)(2) of the ESEA indicates that grants are made available to States to pay the costs of the development and administration of assessments and standards required by section 1111(b).

Further action required: The SDDE must provide the requested information on the use of section 6111 funds to ED for review.

Monitoring Area 2, Title I, Part A: Program Improvement, Parental Involvement and Options			
Indicator Number	**Description**	**Status**	**Page**
2.1	The SEA has developed procedures to ensure the hiring and retention of qualified paraprofessionals.	Met Requirements	N/A
2.2	The SEA has established a statewide system of support that provides, or provides for, technical assistance to LEAs and schools as required.	Met Requirements	N/A
2.3	The SEA ensures that LEAs and schools meet parental involvement and parental notification requirements.	Findings	9
2.4	The SEA ensures that schools and LEAs identified for improvement, corrective action, or restructuring have met the requirements of being so identified.	Findings	10
2.5	The SEA ensures that requirements for public school choice are met.	Met Requirements	N/A
2.6	The SEA ensures that requirements for the provision of supplemental educational services (SES) are met.	Findings Recommendation	12
2.7	The SEA ensures that LEAs and schools develop schoolwide programs that use the flexibility provided to them by the statute to improve the academic achievement of all students in the school.	Met Requirements	N/A
2.8	The SEA ensures that LEA targeted assistance programs meet all requirements.	Met Requirements	N/A

Title I, Part A
Monitoring Area: Instructional Support

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

Finding (1): The SDDE did not consistently ensure that the notification letters of school choice to parents included all of the required components. For example, school choice letters reviewed by the ED team for schools did not include one or more of the following required components: the school's academic level; information on the academic achievement of those schools or a comparison to the student's current school; a statement that transportation would be provided; and a description of how parents can be involved in addressing the academic issues that led to the school being identified for improvement.

Citation: Section 1116(b)(6) of the ESEA requires LEAs to promptly provide to parents an explanation of the identification of their child's school that includes (1) how the school compares academically to other schools in the LEA and the State, (2) why the school has been identified, (3) what the school is doing to address the achievement problem, (4) what the LEA and SEA are doing to help the school to address the achievement problem, (5) how parents can be involved in addressing the achievement problem, and (6) parents' options to transfer their child to another school, and, if applicable, obtain SES.

Further action required: The SDDE must provide LEAs additional written guidance on the requirements of the notices to parents of children attending schools identified for improvement, corrective action, or restructuring. The guidance must include a checklist of requirements and a sample of a parent notification letter that must include all the required components that the LEA and/or principals may use to develop their notification letters. The sample school choice letter must include the required components under section 1116(b)(6) of the ESEA, including an explanation of the school status, the identification of the schools to which a child may transfer, and information on the academic achievement of the school or schools to which the child may transfer. The SDDE must provide a copy of this guidance and sample letter to ED.

Finding (2): The SDDE has not consistently ensured that schools receiving Title I funds conduct an annual Title I meeting for parents.

Citation: Section 1118(c)(1) of the ESEA requires that each school shall "convene an annual meeting, at a convenient time, to which all parents of participating children shall be invited . . . to inform parents of their school's participation" in Title I. This meeting should include an explanation of the requirements of Title I and the rights of the parents to be involved.

Further action required: The SDDE should provide written guidance to all schools receiving Title I funds on the requirement to hold an annual parent meeting and what that meeting should address. The SDDE must submit to ED a copy of the guidance.

Finding (3): The SDDE did not ensure that schools have school level parental involvement policies for the 2006-2007 school year. Many parents indicated that they did not know about school parental involvement policies. The SDDE previously identified this problem through the monitoring activities conducted by the Title I office, but at the time of the review the issue had not yet been addressed.

Citation: Section 1118(b) of the ESEA requires that each school served under Title I, Part A jointly develop with and distribute to parents of participating children a written parental involvement policy agreed on by the parents that describes the requirements of subsections (c) through (f).

Further action required: The SDDE must provide ED with documentation that all LEAs receiving Title I funds have been informed that they must require schools to develop a school parental involvement policy developed with parents and disseminated to them. Additionally, the SDDE must provide to ED documentation of the follow-up provided due to the monitoring activities conducted by the SDDE related to this finding.

Finding (4): The SDDE did not ensure that all LEAs provided to parents the specific AYP determination, or school improvement status, by the beginning of the school year, though the information was released to the LEAs by the end of August. The specific AYP information was not shared with parents until the schools' newsletters were sent out in mid-October. An initial letter was sent out at the beginning of the school year related to offering school choice but did not include specific improvement status information and was unclear on whether or not students could take advantage of the choice option. Due to the missing elements, parents did not have all the pertinent information necessary about their school and the reasons why school choice was provided.

Citation: Section 1116(b)(1)(B) of the ESEA states that parents need to be informed of the reasons for identification for improvement. Additionally section 1116(b)(1)(E) of the ESEA states that parents need to be informed of choice before the first day of school.

Further action required: The SDDE must submit to the LEAs, and provide a copy to ED, guidance that explains that the school improvement status information needs to be provided to parents before the first day of school. Additionally, the SDDE must provide to ED a detailed plan and timeline outlining how the Sioux Falls School District will send out notification with the specific AYP determinations in the appropriate timeline for the upcoming school year.

Recommendation: Although notes to parents from many schools in the Sioux Falls School District are regularly sent out in a language other than English, the notification letters sent out at the district-level were sent only in English. The SDDE should contact the Sioux Falls School District and find out why the district-level notice was not sent to parents in a language other than English. The SDDE should work with the LEA and encourage it to provide all notices to parents "in a language parents can understand."

Indicator 2.4 – The SEA ensures that schools and LEAs identified for improvement, corrective action, or restructuring have met the requirements of being so identified.

Finding (1): The SDDE has not consistently ensured that school improvement plans included all components such as an assurance that 10 percent will be spent on professional development; incorporating a teacher mentoring program; and specifying the responsibilities of the school, the LEA, and the SEA serving the school under the plan.

Citation: Section 1116(b)(3) of the ESEA requires that each school identified for improvement, no later than three months after being so identified, develop or revise a school plan, in consultation with parents, school staff, the LEA serving the school, and outside experts, for approval by the LEA. The plan shall:

- Include strategies based on scientifically based research,
- Adopt policies and practices concerning the school's core academic subjects that have the greatest likelihood of ensuring that all groups of students specified in section 1111(b)(2)(C)(v) of the ESEA and enrolled in the school will meet the State academic assessment described in section 1111(b)(3) not later than 12 years after the end of the 2001-02 school year;
- Provide an assurance that the school will spend not less than ten percent of the funds made available to the school under section 1113 of the ESEA for each fiscal year that the school is in school improvement status for the purpose of providing to the school's teachers and principal high-quality professional development;
- Specify how the professional development funds specified in the previous bullet will be used to remove the school from school improvement status;
- Establish specific annual, measurable objectives for continuous and substantial progress by each group of students specified in section 1111(b)(2)(C)(v) to ensure that all groups of students will meet the State academic assessment described in section 1111(b)(3);
- Describe how the school will provide written notice about the identification to parents of each student enrolled in such school, in a format and, to the extent practicable, in a language that the parents can understand;
- Specify the responsibilities of the school, the LEA, and the SEA serving the school under the plan, including the technical assistance to be provided by the LEA, and the LEA's responsibilities under section 1120A of the ESEA;
- Include strategies to promote effective parental involvement in the school;
- Incorporate, as appropriate, activities before school, after school, during the summer, and during any extension of the school year; and
- Incorporate a teacher-mentoring program.

Further action required: The SDDE must develop and implement a plan with a detailed timeline for providing technical assistance to LEAs on developing or revising school improvement plans so that the plans meet the statutory requirements. The plans must also address monitoring activities conducted by the SDDE to ensure that subsequent plans include all components.

Finding (2): The SDDE uses a consolidated plan for the schoolwide plan and the school improvement plan. The ED team noted a lack of specificity in the school plans, and it was unable to determine what specific actions were being taken or how the strategies included in the plans related to the objectives. As a result, it was not clear how the plans were used to guide and govern changes in teaching and learning to improve student achievement or how the schoolwide program could be annually evaluated as required to determine its effectiveness in increasing student achievement and making changes as necessary based on the results of the evaluation.

Citation: Section 1114(b) of the ESEA requires that a school implementing a schoolwide program develop a plan that contains the following ten required components. The components are: a comprehensive needs assessment; schoolwide reform strategies; instruction by highly qualified teachers; high quality and ongoing professional development; strategies to attract highly qualified teachers to high-need schools; strategies to increase parental involvement; plans for assisting preschool children in the transition from early childhood programs; measures to include teachers in decisions about the use of academic assessments; provision of timely, additional assistance to students having difficulty attaining proficient and advanced levels of academic achievement; and coordination and integration of Federal, State and local services and programs.

Section 1116(b)(3) of the ESEA requires schools identified for improvement to develop and implement school improvement plans that: (1) incorporate strategies based on scientifically based research that will strengthen the core academic subjects in the school; (2) provide an assurance that the school will spend not less than 10 percent of its Title I allocation for high quality professional development for its teachers and principals; (3) establish specific annual, measurable objectives for continuous and substantial progress by each subgroup of students; (4) describe how the school will provide written notification about the identification to parents of each student enrolled in such school; (5) specify the responsibilities of the school, the LEA, and the SEA serving the school under the plan, including technical assistance; (6) include strategies to promote effective parental involvement; (7) incorporate, as appropriate, activities before school, after school, during the summer, and during any extension of the school year; and (8) incorporate a teacher mentoring program.

Section 200.26 (c) of the Title I regulations requires an annual evaluation of the implementation of the schoolwide program.

Further action required: The SDDE must submit to ED written procedures for a review of schoolwide/school improvement plans to ensure that the goals, strategies, and activities described in the plans, including any supporting documentation, adequately address the individual needs of each school and also meet State and Federal requirements. The review must also examine the quality of plans to determine that the goals and strategies directly address the academic achievement problems of the school and are of the nature to effectively meet the student progress goals described in the plans. The SDDE must provide a copy of the plan to annually evaluate the schoolwide and school improvement program to ED along with a detailed timeline outlining the activities of the annual evaluation.

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

Finding (1): The SDDE has not consistently ensured that districts implementing SES have agreements that outline student level learning objectives and were established jointly by the parents, LEA, and SES provider. SES providers determined the goals and objectives for the students with no discernable coordination with the LEA or parents.

Citation: Section 1116(e)(3)(A) of the ESEA specifically requires the LEA to develop the goals and objectives in consultation with parents and providers a "statement of specific achievement goals for the student, how the student's progress will be measured."

Further action required: The SDDE must provide written guidance that describes a detailed plan and timeline ensuring that LEAs know that agreements for student learning objectives meet the Title I requirements and how the SDDE will monitor to ensure that the requirements are fulfilled.

Additionally, if an LEA and a provider agree that the providers will work with parents to identify the learning objectives without the LEA in attendance, then the LEA must review those objectives. For additional information, please see information about SES and tools to help States and LEAs to implement the requirements, including examples of student learning plans, is available at ED's website at http://www.ed.gov/admins/comm/suppsvcs/sesprograms/report_pg8.html.

Finding (2): The SDDE did not ensure that the teachers of students participating in SES were regularly informed of their students' progress. Even though it may be addressed in the contract,

there was no evidence of regular communication between the students' teachers and SES providers.

Citation: Section 1116(e)(3)(b) of the ESEA specifically states that the "student's parents and the student's teacher or teachers will be regularly informed of the student's progress."

Further action required: The SDDE must provide technical assistance to LEAs and SES providers in order to fulfill this requirement that teachers are regularly informed of student progress. The SDDE must submit to ED a plan and detailed timeline of conducting these technical assistance activities, as well as documentation that these activities were conducted.

Recommendation: The SDDE is encouraged to provide guidance to LEAs on how LEAs can ensure that principals know what students are eligible for and receive SES services in order to (1) consistently and effectively communicate with each other on the student's progress in programs provided through SES, and (2) facilitate a smooth implementation of services.

Monitoring Area 3, Title I, Part A: Fiduciary Responsibilities			
Indicator Number	**Description**	**Status**	**Page**
3.1	SEA complies with— • The procedures for adjusting ED-determined allocations outlined in sections 200.70 – 200.75 of the regulations. • The procedures for reserving funds for school improvement, State administration, and (where applicable) the State Academic Achievement Awards program. • The reallocation and carryover provisions in section 1126(c) and 1127 of Title I statute.	Met Requirement	N/A
3.2	SEA ensures that its LEAs comply with the provision for submitting an annual application to the SEA and revising LEA plans as necessary to reflect substantial changes in the direction of the program.	Met Requirements	N/A
3.3	SEA ensures that all its LEAs comply with the requirements in section 1113 of the Title I Statute and sections 200.77 and 200.78 of the regulations with regard to (1) Reserving funds for the various set-asides either required or allowed under the statute, and (2) Allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible attendance area.	Finding	15
3.4	• SEA complies with the maintenance of effort (MOE) provisions of Title I. • SEA ensures that its LEAs comply with the comparability provisions of Title I. • SEA ensures that Title I funds are used only to supplement or increase non-Federal sources used for the education of participating children and do not supplant funds from non-Federal sources.	Met Requirement	N/A
3.5	SEA ensures that its LEAs comply with all the auditee responsibilities specified in Subpart C, section 300(a) through (f) of OMB Circular A-133.	Met Requirements	N/A
3.6	SEA ensures that its LEAs comply with requirements regarding services to eligible private school children, their teachers and families.	Met Requirements	N/A
3.7	SEA complies with the requirement for implementing a system for ensuring prompt resolution of complaints.	Met Requirements	N/A
3.8	SEA complies with the requirement to establish a Committee of Practitioners and involves the committee in decision-making as required.	Finding	15

Title I, Part A
Monitoring Area: Fiduciary

Indicator 3.3 – SEA ensures that all its LEAs comply with the requirements in section 1113 of the Title I statute and sections 200.77 and 200.78 of the regulations with regard to (1) Reserving funds for the various set-asides either required or allowed under the statute, and (2) Allocating funds to eligible school attendance areas or schools in rank order of poverty based on the number of children from low-income families who reside in an eligible attendance area.

Finding: The on-line application does not allow for a determination that reservations have been calculated properly and include the required elements. For example, the current application shows the 1 percent set aside for parental involvement and required reservation for professional development, but the on-line application does not demonstrate that the calculations for equitable services are calculated and reserved according to statutory requirements. The SDDE makes a determination that fiscal requirements have been met during its onsite reviews; however, onsite reviews are not conducted every year for every LEA. The SDDE must ensure that these fiscal requirements are met before awarding Title I, Part A funds to its LEAs.

Citation: Section 9304 (a) of the ESEA requires that the SEA must ensure that (1) programs authorized under ESEA are administered in accordance with all applicable statutes, regulations, program plans, and applications; and (2) the State will use fiscal control and funds accounting procedures that will ensure the proper disbursement of and accounting for Federal funds. Section 80.40 of the EDGAR further requires that the State, as the grantee, is responsible for monitoring grant and subgrant-supported activities to assure compliance with applicable Federal requirements.

Further action required: The SDDE must provide a plan to ED that indicates how it will implement a process that determines whether LEAs are complying with basic Title I fiscal requirements on an annual basis prior to the time it awards Title I funds. The SDDE must also ensure through a documented process that LEAs are complying with basic Title I fiscal requirements on an annual basis before the time it awards Title I funds.

Indicator 3.8 – SEA complies with the requirement to establish a Committee of Practitioners (COP) and involves the committee in decision-making as required.

Finding: The SDDE did not ensure that its COP complied with the membership requirements of the ESEA. The SDDE's current COP does not include representatives of the private school community as required.

Citation: Section 1904(b) of the ESEA requires each SEA that receives funds under Title I to create a COP to advise the State in carrying out its responsibilities and specifies what the requirements shall be for membership in the COP and what duties shall be included.

Further action required: The SDDE must document the membership of the COP in order to ensure compliance with the requirements detailed in section 1903(b)(2)(A)-(G) of the ESEA, and provide ED with documentation that it has a fully-constituted COP that includes all required members.

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

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

Monitoring Area 2, Title I, Part B, Subpart 3: Instructional Support			
Indicator Number	**Description**	**Status**	**Page**
2.1	The SEA uses funds to provide technical assistance to local projects to improve the quality of Even Start family literacy services or comply with State indicators of program quality.	Met Requirements	N/A
2.2	Each program assisted shall include the identification and recruitment of eligible families.	Finding Recommendation	18
2.3	Each program assisted shall implement all 15 program elements.	Findings	18
2.4	SEA ensures that all families receiving services participate in all four core instructional services.	Met Requirements	N/A
2.5	The local programs shall use high-quality instructional programs based on scientifically based reading research (SBRR) for children and adults.	Finding	19

Title I, Part B, Subpart 3 (Even Start)
Monitoring Area: Instructional Support

Indicator 2.2 – Each program assisted shall include the identification and recruitment of eligible families.

Finding: The Pierre Even Start project consistently serves fewer than 10 families, while the project application references 25-30 families. At the time of the monitoring visit, the Pierre Even Start project was serving only nine families. Failure to recruit and serve the number of families referred to in the approved application has been a continuing issue identified in performance reports and monitoring visits conducted by the SDDE staff., but this issue had not been addressed at the time of the review.

Citation: Section 1235 of the ESEA requires local Even Start projects to identify and recruit families most in need of services as indicated by a low level of income, a low level of adult literacy or English language proficiency of the eligible parent or parents, and other need related factors.

Further action required: The SDDE must provide ED with evidence that the Pierre Even Start project has recruited and is serving at least 25 eligible families as described in the approved application.

Recommendation: The SDDE should work with the Even Start project in Sioux Falls to help the project improve its record keeping so that documentation is readily available to demonstrate that all families served in the project meet all the eligibility requirements and are attending all core Even Start instructional services on a regular basis.

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

Finding (1): The Pierre Even Start project was providing home visits, but they did not have lesson plans for these visits and no information was available documenting that these home visits supported the instructional services provided through Even Start.

Citation: Section 1235(7) of the ESEA states that each program assisted under Even Start shall provide and monitor integrated instructional services to participating parents and children through home-based programs.

Further action required: The SDDE must develop, submit to ED, and implement a plan to ensure that local projects provide integrated instructional services through home-based programs.

Finding (2): One of the early childhood education teachers paid partially with Even Start funds has a Bachelor's degree in nursing. While this teacher is working on a Child Development Associate certificate, she does not have an associate's degree in an area related to the area in which she is teaching.

Citation: Section 1235(5) of the ESEA requires that instructional staff whose salaries are paid, in whole or in part, with Even Start funds must have obtained an associate's, bachelor's, or graduate degree in a field related to the area in which they are teaching.

Further action required: The SDDE must provide ED with evidence that all instructional staff in the Pierre Even Start project meet the staff qualification requirements in the statute.

Indicator 2.5 – The local programs shall use high-quality instructional programs based on scientifically based reading research for children and adults.

Finding: The Pierre Even Start project did not include an early childhood education component that was high-quality, and it did not appear to be based on scientific research. The classroom environment was not print rich, there was a distinct absence of children's books and other literacy resources in the classroom, and the instructional program was not focused on early literacy and language development.

Citation: Sections 1231(D) and 1235(4) of the ESEA require that local Even Start programs provide high-quality instructional programs based on scientifically based reading research for children and adults.

Further action required: The SDDE must provide ED with evidence that it has provided assistance and direction to the Pierre Even Start project and that the Pierre Even Start project is implementing an early childhood component that is of high quality and is based on scientifically based reading research.

Monitoring Area 3, Title I Part B, Subpart 3: SEA Fiduciary Responsibilities			
Indicator Number	**Description**	**Status**	**Page**
3.1	The SEA complies with the allocation requirements for State administration and technical assistance and award of subgrants.	Met Requirements	N/A
3.2	The SEA ensures that subgrantees comply with statutory and regulatory requirements on uses of funds and matching.	Finding	21
3.3	The SEA complies with the cross-cutting maintenance of effort provisions.	Met Requirements	N/A
3.4	The SEA ensures that grantees comply with requirements with regard to services for eligible private school children, their teachers, and their families.	Met Requirements	N/A
3.5	The SEA has a system for ensuring fair and prompt resolution of complaints and appropriate hearing procedures.	Met Requirements	N/A

Title I, Part B, Subpart 3 (Even Start)
Monitoring Area: SEA Fiduciary Responsibilities

Indicator 3.2 – The SEA ensures that subgrantees comply with requirements on uses of funds and matching.

Finding: The Sioux Falls Even Start project included several unallowable costs in its calculation for the match requirement. For example, it included the value of leased space using the fair market value of the space even though the space is owned by the grantee. (The value of space owned by any partner in the grant must be calculated using the depreciation and use formula). The project also included some staff that work part time in the program but the staff do not maintain personnel activity records. Finally, although the Sioux Falls project did not have a negotiated indirect cost rate, it did have a negotiated administrative cost rate and included some of these costs as part of the match requirement. It is unclear if these administrative costs are comparable to indirect costs, which are unallowable costs for Even Start.

Citation: Section 1234 of the ESEA requires Even Start local projects to provide a specific match or cost share amount. Section 76.731 of EDGAR (34 CFR section 76.731) requires States and subgrantees to keep records showing their compliance with program requirements, and sections 74.23 and 80.24 of EDGAR (34 CFR sections 74.23 and 80.24) require grantees and subgrantees to keep records verifying the costs and third party in-kind contributions counted toward satisfying the cost-share or matching requirement, including how the local project derived the value placed on third party in-kind contributions.

Further action required: The SDDE must ensure that local projects understand how to document the correct matching share and that all costs included in the match are allowable. The SDDE must submit to ED an action plan for how it will provide guidance and training to address this concern. It must also submit documentation that the Sioux Falls Even Start project is only using allowable costs in meeting it's cost share requirement.

Summary of Title I, Part D Monitoring Indicators

Neglected, Delinquent or At-Risk of Dropping-Out Program			
Indicator Number	**Description**	**Status**	**Page**
Indicator 1.1	The SEA has implemented all required components as identified in its Title I, Part D (N/D) plan.	Finding	23
Indicator 1.2	The SEA ensures that State Agency (SA) plans for services to eligible N/D students meet all requirements.	Finding Recommendation	23
Indicator 1.3	The SEA ensures that Local Educational Agency (LEA) plans for services to eligible N/D students meet all requirements.	Met Requirements	N/A
Indicator 2.1	The SEA ensures that institutionwide programs developed by the SA under Subpart 1 use the flexibility provided to them by law to improve the academic achievement of all students in the school.	Met Requirements	N/A
Indicator 3.1	The SEA ensures each State agency has reserved not less than 15 percent and not more than 30 percent of the amount it receives under Subpart 1 for transition services.	Met Requirements	N/A
Indicator 3.2	The SEA conducts monitoring of its subgrantees sufficient to ensure compliance with Title I, Part D program requirements.	Met Requirements	N/A

Title I, Part D
Monitoring Area: Accountability

Indicator 1.1 – The SEA has implemented all required components as identified in its Title I, Part D (N/D) plan.

Finding: The ED team found that the SDDE Part D plan included in the Consolidated Application is a one-page matrix with 2 goals (academic and vocational) and related performance Indicators, Objectives and Data Source. A more detailed plan for implementing Part D was not available for review. Section 1414 (a) of the ESEA outlines goals and program components that are required for implementation of Part D, which should be part of the Plan, and provide the basis for Part 1 and Part 2 Applications and agreements related to implementation. Staff from the SAs interviewed were not aware of the State's Part D program goals.

Citation: Section 1414 of the ESEA of 1965 requires States to describe program goals, objectives and performance measures. Section 1414 (c)(4) requires SA applications to describe how its program will meet the goals and objectives of the State plan.

Further action required: ED requires that the SDDE identify its goals and objectives as outlined its 2002 application and transmit this information to applicant SAs under Subpart 1. The SDDE must require SA applications to identify how their Title I, Part D program will meet the goals and objectives of the State plan.

Indicator 1.2 – The SEA ensures the State Agency (SA) plans for services to eligible N/D students meet all requirements

Finding (1): The ED team found that the Department of Human Services Center at Yankton does not offer the required 20 hours of instruction. The facility offered 14 hours of academic instruction, and the Center may not be a State accredited school program.

Citation: Section 1412 of the ESEA requires SA programs that receive grants under Title I, Part D to offer a regular program of instruction, and students must be enrolled for a minimum of 20 hours per week.

Further action required: ED requires the SDDE to investigate if the Department of Human Service programs receiving funding for Part D services are eligible institutions that meet Part D statutory requirements. ED requires the SDDE to send a report to ED with its finding regarding eligibility.

Finding (2): The ED team found that the SDDE has not sufficiently conducted monitoring of the Title I, Part D, Subpart 1 program grantees to ensure that they are meeting all requirements. In review of SA Subpart 1 programs there was no evidence of the SDDE conducted compliance monitoring activities for the SA programs. ED did not observe a monitoring protocol or a monitoring schedule.

Citation: Section 1414 of the ESEA requires that State plans contain assurances that programs assisted under Title I, Part D will be carried out in accordance with the State plan. Additionally, the SEA is required to ensure that the State agencies and local educational agencies receiving

Part D subgrants comply with all applicable statutory and regulatory progress in identified areas. Finally, section 9304(a) of the ESEA requires that the SEA ensure that programs authorized under the ESEA are administered with all applicable statutes, regulations, program plans and applications.

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

Recommendations: (1) The SEA ensures that SA plans for services to eligible N/D students meet all requirements. (2) ED also recommends that the SDDE work with its SAs to determine the amount of parental involvement with incarcerated youth regarding reporting student educational progress.

Summary of McKinney-Vento Homeless Education Program Monitoring Indicators

McKinney-Vento Homeless Education Program			
Indicator Number	**Description**	**Status**	**Page**
Indicator 1.1	The SEA collects and reports to ED assessment data from LEAs on the educational needs of homeless children and youth.	Met Requirements	N/A
Indicator 2.1	The SEA implements procedures to address the identification, enrollment and retention of homeless students.	Finding	26
Indicator 2.2	The SEA provides, or provides for, technical assistance for LEAs to ensure appropriate implementation of the statute.	Met Requirements	N/A
Indicator 3.1	The SEA ensures that LEA subgrant plans for services to eligible homeless students meet all requirements.	Finding	26
Indicator 3.2	The SEA ensures that the LEA complies with providing comparable Title I, Part A services to homeless students attending non-Title I schools.	Met Requirements	N/A
Indicator 3.3	The SEA has a system for ensuring the prompt resolution of disputes.	Recommendation	26
Indicator 3.4	The SEA conducts monitoring of LEAs with and without subgrants, sufficient to ensure compliance with McKinney-Vento program requirements.	Recommendation	27

McKinney-Vento Homeless Education Program
Monitoring Area: Instructional Support

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

Finding: The ED team found that the SDDE has continued to review and revise policy as indicated in its State plan submitted in 2002. However, ED found no evidence of an SEA policy that specifically addressed the identification, retention and enrollment of homeless students.

Citation: Section 722g(J)(i) of the ESEA states that SEAs are required to submit a plan to ED for education of homeless children and youths within the State. The plan includes a requirement for SEA to demonstrate that LEAs have developed, and have reviewed and revised, policies to remove barriers to the enrollment and retention of homeless children and youths in schools in the State.

Further action required: ED requires that the SDDE review the State plan submitted to ED in 2002 and identify, revise, or add, as appropriate, policies and procedures that address the enrollment and retention in school of homeless children and youth.

Monitoring Area: Fiduciary

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

Finding: The ED team found that some LEAs use Part A funds to support transportation of homeless students. Additionally, one LEA (Rapid City) with a subgrant pays for 100% of the liaison's salary with Part A funds.

Citation: Section 723 (d)(5) of the ESEA authorized uses of grant funds: the provision of assistance to defray the excess cost of transportation for students under section 722(g)(4)(A), not otherwise provided through Federal, State, or local funding, where necessary to enable students to attend the school selected under section 722(g)(3).

Section (g)(1)(J)(ii) of the ESEA equires that LEAs designate an appropriate staff person, who may also be a coordinator for other Federal programs, as a local educational agency liaison for homeless children and youths.

Further action required: The SDDE must inform LEAs in the State that transportation of homeless children and youth may not be paid for using Federal funds provided under Title I, Part A of the ESEA. Additionally, ED requires that the SDDE inform all LEAs with subgrants that Part A funds may be used to pay for a portion of a liaison's salary (less than 100%) as long as the liaison has additional duties and responsibilities under Part A.

Indicator 3.3 – The SEA has a system for ensuring the prompt resolution of disputes.

Recommendation: The ED recommends that the SDDE tailor its general dispute resolution procedure so that it addresses homeless students specifically. ED also recommends that unresolved disputes with parents be referred to the State for final resolution. The ED team found

that currently the SDDE has a general dispute resolution policy that does not address homeless students specifically. The policy identifies the U.S. Department of Education for final appeal of any dispute.

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

Recommendation: The ED team found that monitoring of LEA compliance on behalf of homeless students is taking place as part of the Statewide consolidated monitoring process that includes a few basic questions related to compliance with McKinney-Vento legislation. While this approach does capture some of the information to oversee programs in general, the monitoring process could be strengthened through the development of additional tools to assist with program reviews. ED recommends a more systematic approach to monitoring subgrants, and monitoring of LEAs without subgrants.