



U.S. Department of Education  
Office of Inspector General

A a B b C c D d E e F f G g H h I i J j K k L l M m N n

Following Title I, Part A and  
Secondary School  
Vocational Education  
Program Dollars to the Schools  
in 36 LEAs Visited

FINAL REPORT  
Audit Control Number 04-70012

June 1998

AUDIT SERVICES  
ATLANTA, GEORGIA

NOTICE

**Statements and conclusions in this report represent the opinions of the Office of Inspector General. Determinations on these matters will be made by the appropriate Education Department officials.**

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**U. S. DEPARTMENT OF EDUCATION**  
OFFICE OF INSPECTOR GENERAL  
61 Forsyth Street  
Room 18T71  
ATLANTA, GEORGIA 30303



June 26, 1998

**MEMORANDUM**

**TO:** Gerald N. Tirozzi  
Assistant Secretary  
Office of Elementary and Secondary Education

Patricia W. McNeil  
Assistant Secretary  
Office of Vocational and Adult Education

*SIGNED*

**FROM:** Carol S. Lynch  
Regional Inspector General for Audit  
Eastern Area, Atlanta, Georgia

**SUBJECT: FINAL AUDIT REPORT**

*Following Title I, Part A and Secondary School Vocational  
Education Program Dollars to the Schools in 36 LEAs Visited  
ED Audit Control Number: 04-70012*

Attached is our subject final report that covers the results of our review on the use of Title I, Part A and Secondary School Vocational Education dollars by 36 local education agencies. We received and incorporated your comments, where appropriate, on the findings discussed within the draft of this report. An additional response is not required to this final report and, accordingly, the report is now closed in our tracking system.

In accordance with the Freedom of Information Act (Public Law 90-23), 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. Copies of this report have been provided to the offices shown on the distribution list enclosed in the report.

We appreciate the cooperation given us in the review. Should you have any questions concerning this report, please call me at 404-562-6470.

Attachment

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# EXECUTIVE SUMMARY

## TITLE I, PART A AND SECONDARY SCHOOL VOCATIONAL EDUCATION: Over 92 Percent of the Dollars Reached the Schools at 36 School Districts Visited

### PURPOSE

The Government Performance and Results Act of 1993 (Results Act) holds federal agencies accountable for achieving program results by promoting a new focus on results, service quality, and customer satisfaction. The Results Act specifies one of its purposes as improving federal program effectiveness and public accountability.

The U.S. House of Representatives Committee on Education and the Workforce recently conducted field hearings across the country to evaluate the extent and quality of federal program involvement in education. The title for the hearings was *Education at a Crossroads: What Works? What's Wasted?* One of the major topics discussed at the hearings was "Dollars to the Classroom." Panelists who testified before the committee emphasized their concerns about the amount of federal dollars being used for administrative functions and, consequently, not reaching the schools. Additionally, the public has expressed growing apprehension about the possibility of only a small portion of the money getting to the classroom.

In response to the purposes of the Results Act and the concerns of the public, we conducted an audit to (1) determine what percentage of Title I, Part A and Secondary School Vocational Education Program dollars reached the schools, and (2) identify the types of expenditures for these two programs at the local educational agency (LEA) and school levels.

We selected these two programs for several reasons. Both programs are statutory formula grants serving eligible students across the nation. The Title I, Part A program is the largest program administered by the Office of Elementary and Secondary Education (OESE) and primarily serves students aged 5 to 17 in more than 50,000 public schools nationwide. The Secondary School Vocational Education program is funded through the Vocational Education Basic State Grant program. The Basic Grant program, administered by the Office of Vocational and Adult Education (OVAE), accounted for approximately 90 percent of the Vocational and Adult Education allocations in fiscal year 1996 and is targeted primarily to secondary students.

## RESULTS IN BRIEF

In the 36 LEAs we visited, an average of over 92 percent of the dollars for the two programs reached the schools during the 1996-97 school year.

<b>Category</b>	<b>Title I, Part A</b>	<b>Vocational Education</b>
Reached the Schools	92.05%	95.42%
LEA Program Administration	5.83%	3.40%
LEA Indirect Costs	2.12%	1.18%

We further categorized school and program administration expenditures into the following: (1) salaries and benefits, (2) materials and equipment, (3) professional development, and (4) support services. As shown below, the majority of the funds were used for salaries and benefits.

<b>Expenditure Type</b>	<b>Title I, Part A</b>	<b>Vocational Education</b>
Salaries and Benefits	82.49%	52.12%
Materials and Equipment	8.68%	38.88%
Professional Development	1.96%	5.28%
Support Services	4.75%	2.55%
Indirect Costs <sup>1</sup>	2.12%	1.18%

## OTHER MATTERS

During our discussions with LEA program coordinators for both programs, the majority stated that the federally required paperwork was not burdensome and was worth the investment to receive the federal grant funds.

At the state level, we reviewed documentation to determine whether the state educational agency (SEA) had complied with the established caps for using federal dollars to cover administration costs. For Title I, Part A dollars the SEAs are limited to using 1 percent or \$400,000, whichever is greater. For Vocational Education Basic State Grant dollars, the SEAs are limited to using 5 percent or \$250,000 whichever is greater. We determined that all six SEAs complied with the limitations on administration expenses.

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<sup>1</sup>Indirect costs are included in this table to show 100 percent of program dollars. Any differences in the percentages are caused by rounding.

Using our definition of “program administration”, we identified two LEAs that used a significantly larger amount of Vocational Education dollars to cover program administration costs than the average 3 percent. Under specific circumstances specified in 34 CFR 403.195 (b), LEAs are limited to using five percent of its grant dollars for administration costs. We have brought the issue concerning the two LEAs to the attention of the Department in a separate Action Memorandum.

**DEPARTMENT  
COMMENTS**

Department officials were provided an opportunity to comment on the findings discussed within a draft of this report. Their comments were generally editorial in nature and were incorporated where appropriate. Because of the nature of the comments, we did not include them as an attachment to this report. However, copies are available upon request.

## SCOPE AND METHODOLOGY

The objectives of this audit were (1) to determine what percentage of Title I, Part A<sup>2</sup> and Secondary School Vocational Education Program<sup>3</sup> dollars reached the schools and (2) to identify the types of expenditures for these two programs at the LEA and school levels.

We selected these two programs for several reasons. Both programs are statutory formula grants serving eligible students across the nation. The Title I, Part A program is the largest program administered by OESE and primarily serves students aged 5 to 17 in more than 50,000 public schools nationwide. The Secondary School Vocational Education Program is funded through the Vocational Education Basic State Grant program. The Basic Grant program, administered by OVAE, accounted for approximately 90 percent of the Vocational and Adult Education allocations in fiscal year 1996. The Basic Grant program is targeted primarily to secondary students with the goal of helping them and the United States as a whole become more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. For our audit, we selected school-year 1996-97. This year served as the first year of full implementation of the Improving America's Schools Act.

We randomly selected 6 SEAs and 36 LEAs to visit based upon their Title I allocations. The six states received \$934 million of the \$6.7 billion in Title I, Part A dollars allocated to states during fiscal year 1996. For our sampling plan, we first stratified fiscal year 1995 Title I state allocations into three strata (large, medium, and small) and selected two states from each strata as follows:

- Large— Florida and Michigan
- Medium— Georgia and Washington
- Small—Maine and Oregon

For the survey state of Florida, we used the most recent National Center for Education Statistics' Common Core of Data information to select the LEAs for our audit. For the remaining five states, we used school-year 1996-97 Title I, Part A allocations. We randomly selected six LEAs in each state by first judgmentally stratifying the Title I, Part A allocations for the LEAs into the three strata (large, medium, and small) and then randomly selecting two LEAs from each strata. This sampling approach provided each SEA and LEA an equal chance of being selected as well as provided a cross-sectional sample. Appendix A provides a complete list of the SEAs and LEAs selected. During school-year 1996-97, the 36 LEAs expended about \$84.2 million and \$5.2 million in Title I, Part A and Vocational Education dollars, respectively.

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<sup>2</sup>Title I, Part A programs authorized by the Elementary and Secondary Education Act of 1965, as amended by the Improving America's Schools Act of 1994 (Public Law 103-382).

<sup>3</sup>Secondary School Vocational Education Programs (Title II, Part C) authorized by the Vocational Education Act of 1963 as amended by the Carl D. Perkins Vocational Act of 1984 and the Carl D. Perkins Vocational and Applied Technology Education Act, as amended. For ease of reference, we refer to this program as Vocational Education in this report.



To accomplish our audit objectives, we reviewed expenditure data for school-year 1996-97 obtained from LEA accounting reports. Because of the timing of our audit, the expenditure data had not been audited by the LEAs' auditors. To assess the accuracy of the data, for each SEA and LEA, we reviewed the most recent single audit report and the auditor's working papers related to the internal control structure. These reports did not disclose any material weaknesses in internal controls. Additionally, nothing came to our attention to make us doubt the validity of the data.

To categorize the expenditures, we developed the following definitions to apply to the LEAs' financial information. These definitions were developed through discussions held with officials from the Department and representatives from the General Accounting Office.

- C School benefit: Primarily included salaries, related benefits, and professional development for teachers and teacher assistants, as well as materials and equipment used in the classroom. The following expenditures were also included, if applicable: (1) salaries and related benefits for such personnel as counselors and other personnel whose activities are directly related to providing services to Title I, Part A and Vocational Education students; (2) professional development charges incurred by LEA program coordinators to give in-house training to classroom teachers; and (3) costs of parental involvement efforts.
- C Program administration: Primarily included salaries, related benefits, and professional development for program coordinators and their administrative staff, as well as any materials and equipment used to support administrative functions.
- C Indirect cost: Included costs allocable to the programs based on the LEA's indirect cost rate proposal approved by the SEA.

In applying these definitions, we reviewed LEA expenditure reports. While a majority of the LEAs' accounting systems tracked expenditures to the school level, some services that directly benefitted schools were accounted for centrally. In all cases, we discussed expenditures with LEA officials and reviewed appropriate accounting records to determine how to categorize the expenditures.

We further categorized the overall expenditures into the following:

- C Salaries and benefits: Included salaries and related benefits of applicable personnel such as teachers, counselors, and program coordinators.
- C Materials and equipment: Included materials and equipment such as computer software and hardware, instructional materials, and supplies.
- C Professional Development: Included costs incurred to attend training seminars or workshops, tuition costs for classes, etc.
- C Support Services: Included costs such as service agreements for computer hardware, communication expenditures, etc.

We held discussions with Department officials and SEA officials responsible for administering Title I, Part A and Vocational Education programs. We attended congressional field hearings held by the U.S. House of Representatives' Committee on Education and the Workforce in Little Rock, Arkansas, Cincinnati, Ohio, and Louisville, Kentucky. We also reviewed studies conducted by the General Accounting Office and others regarding the use of federal education dollars by LEAs. Our review was limited to Title I, Part A and Vocational Education expenditures for school-year 1996-97 and did not include program activities paid from state or local funding sources.

Our fieldwork was conducted between May 1997 and February 1998 in accordance with government auditing standards appropriate to the scope of the review described above.

# RESULTS

## Over 92 Percent of the 36 Districts' Title I, Part A and Vocational Education Dollars Reached the Schools

At 36 LEAs<sup>4</sup>, on average, 92 percent of the Title I, Part A and 95 percent of the Vocational Education dollars provided to the LEAs reached the schools, as shown in Figure 1. A list of the LEAs and the percentages determined for Title I, Part A, dollars can be found in appendix A. Appendix B provides the same information for Vocational Education dollars.

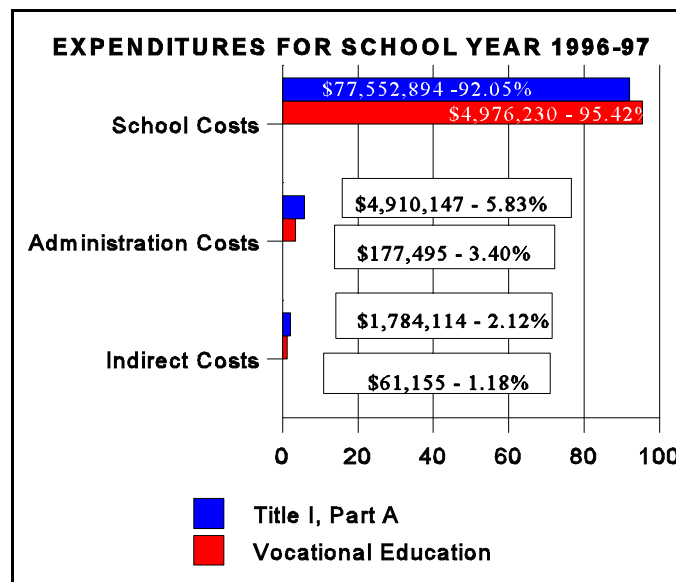


Figure 3

We determined these percentages by:

- (1) using detailed expenditure data provided by the LEAs for school-year 1996-97.
- (2) applying our definitions (provided in the Scope and Methodology section) along with the explanations of the Title I, Part A and Vocational Education program coordinators.

<sup>4</sup> Of the 36 LEAs, 9 were vocational education consortia. A consortium consists of an LEA joining with one or more other LEAs for the purpose of providing services under the Secondary School Vocational Education Program in order to meet the minimum grant requirement in Title 34 CFR 403.112 (d)(1). The consortium must serve primarily as a structure for operating joint projects that provide services to all participating local educational agencies.

We further categorized the overall expenditures into the following: (1) Salaries and Benefits, (2) Materials and Equipment, (3) Professional Development, and (4) Support Services. Figure 2 shows the distribution of Title I, Part A dollars. Appendix C provides a list of LEAs and the percentages determined. Figure 3 shows the distribution of Vocational Education dollars. Appendix D provides a list of LEAs and the percentages determined.

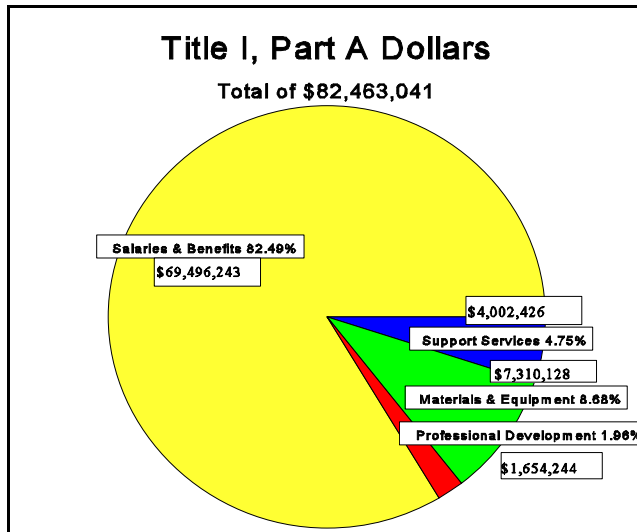


Figure 2

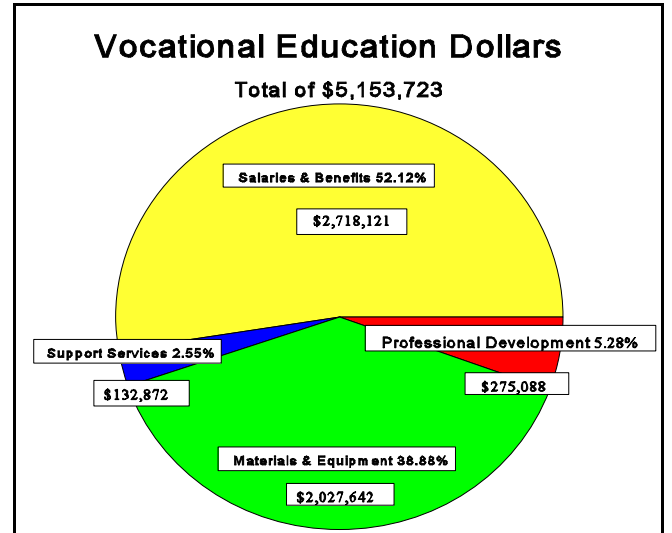


Figure 3

Because we did not differentiate between indirect costs attributable to the schools and to the LEA level, we did not include the indirect costs in these charts. We will address indirect costs later in the report.

## TITLE I, PART A

92 Percent of the Dollars Reached the Schools



Title I, Part A class at Hapeville Elementary School in Atlanta, Georgia. This school conducts a schoolwide program.

Of the 36 LEAs we visited, 92 percent, on average, of Title I, Part A dollars provided to the LEAs reached the schools. Appendix A provides a list of LEAs and the percentages determined.

Figure 4 shows the distribution of the \$77.6 million in Title I, Part A dollars that reached the schools. As shown, nearly 84 percent of the dollars was used to support salaries and benefits of personnel directly related with school activities. Appendix C provides the LEAs and percentages determined.

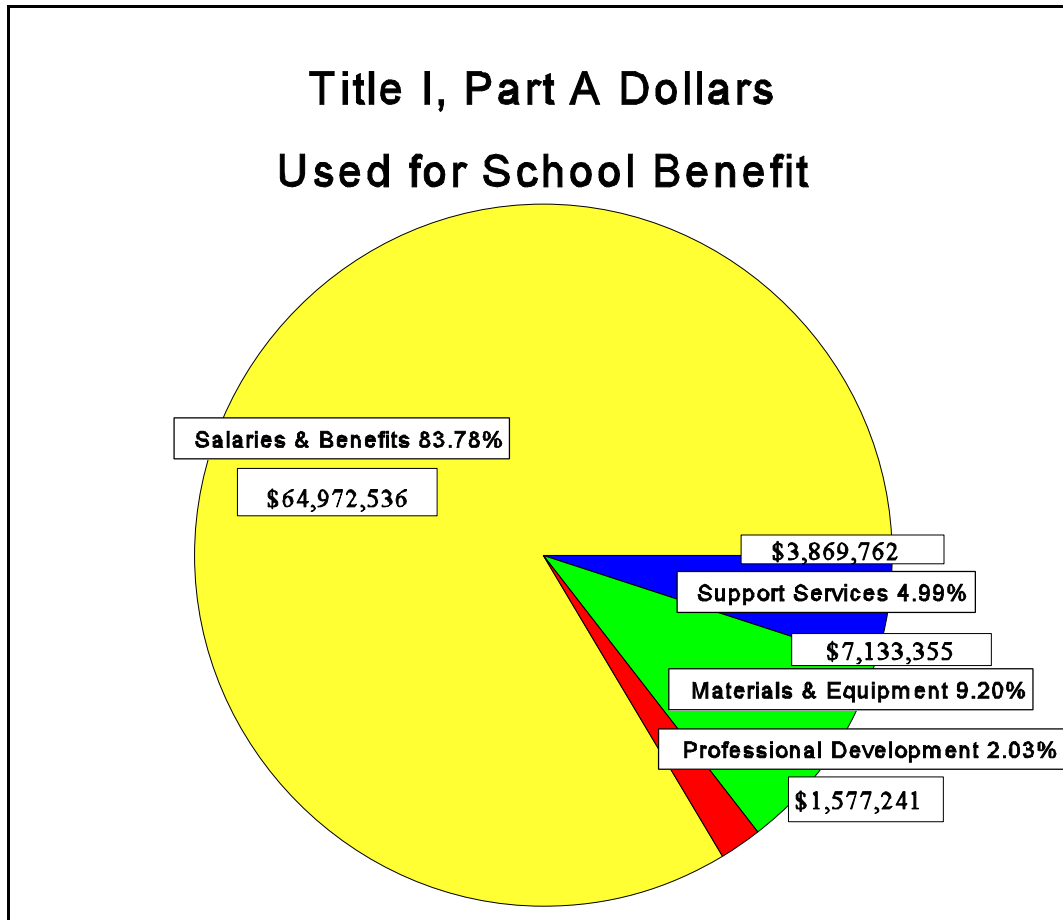
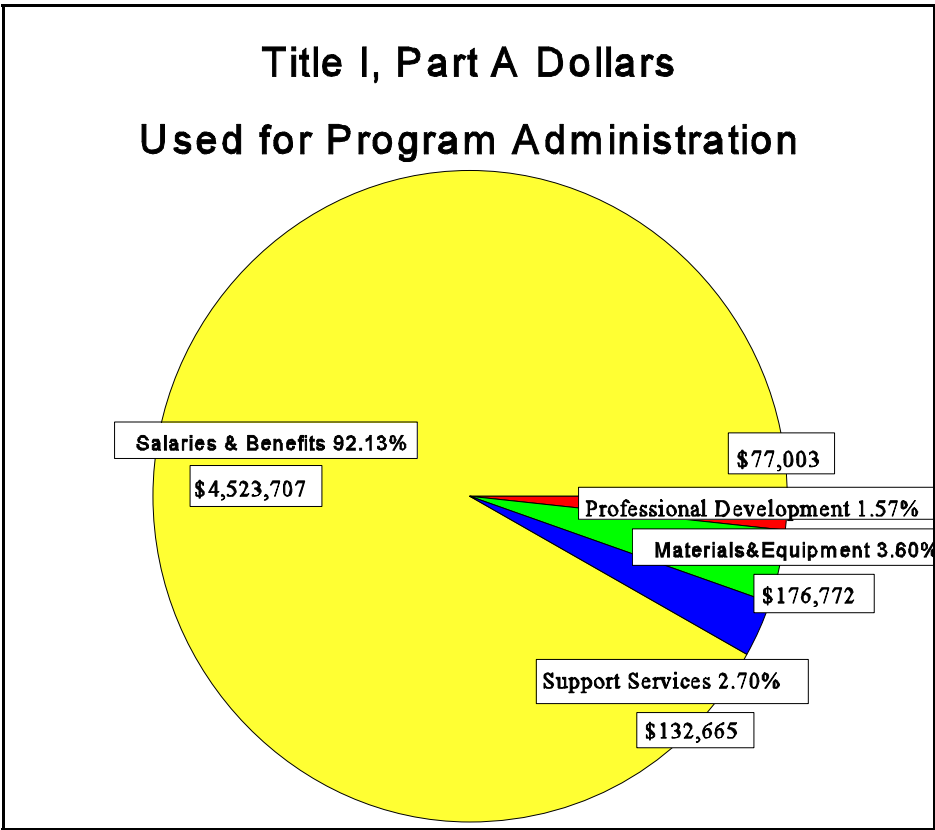


Figure 4

**TITLE I, PART A**  
**6 Percent of the Dollars Was Used for Program Administration**

Federal dollars used for program administration totaled \$4.9 million, or nearly 6 percent, on average, of the overall expenditures for the 36 LEAs. Figure 5 shows that 92 percent of program administration expenses was attributable to salaries for program coordinators and their applicable staff. Appendix C provides a list of LEAs and the percentages determined.



**Figure 5**

Only 27 of the 36 LEAs used federal dollars for program administration costs. For the remaining nine LEAs, the program coordinators and staff explained that because they performed many different functions it was difficult, if not impossible, to differentiate between the time they spent for Title I, Part A program administration and their other duties. Therefore, state and local dollars supported 100 percent of their salaries. An additional explanation given concerned the LEA's and coordinator's emphasis on ensuring that the maximum amount of Title I, Part A dollars reached the schools.

## **TITLE I, PART A**

### **2 Percent of the Dollars Was Used for Indirect Costs**

Federal dollars used for indirect costs totaled about \$1.8 million or 2 percent, on average, of the overall expenditures for the 36 LEAs. Only 20 LEAs used Title I, Part A dollars for indirect costs. For the 16 LEAs that did not use federal dollars to cover indirect costs, the costs were covered with state and local dollars.

We did not differentiate between the indirect costs that were attributable to the schools from those attributable to program administration.



## VOCATIONAL EDUCATION

95 Percent of the Dollars Reached the Schools



Vocational Education class at McIntosh Academy in Darien, Georgia.

Of the 36 LEAs, 29 had Vocational Education programs. These 29 LEAs used over 95 percent, on average, for the schools. Appendix B provides a list of LEAs and percentages determined.

Figure 6 shows the distribution of the nearly \$5 million in Vocational Education dollars that reached the schools. As shown, 51 percent was used to support salaries and benefits of personnel directly related to school level activities. Materials and equipment accounted for nearly 41 percent of the school-level expenditures. Appendix D provides a list of LEAs and the percentages determined.

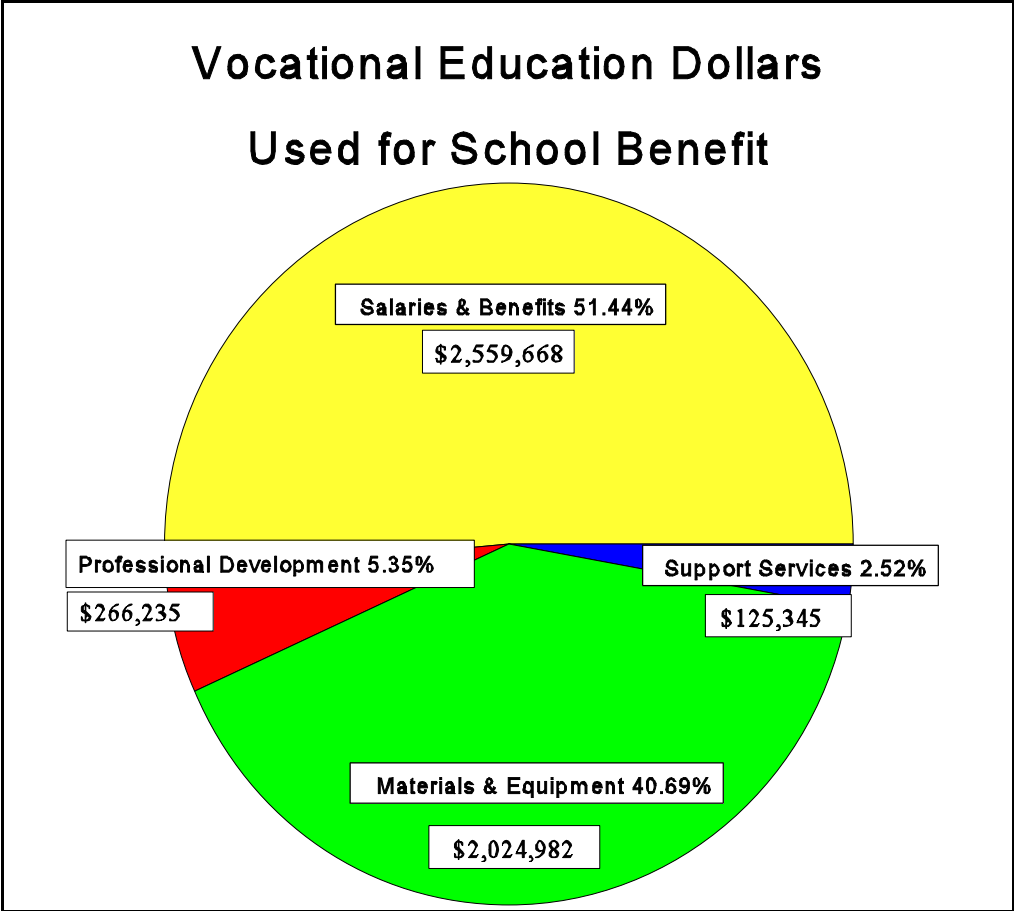


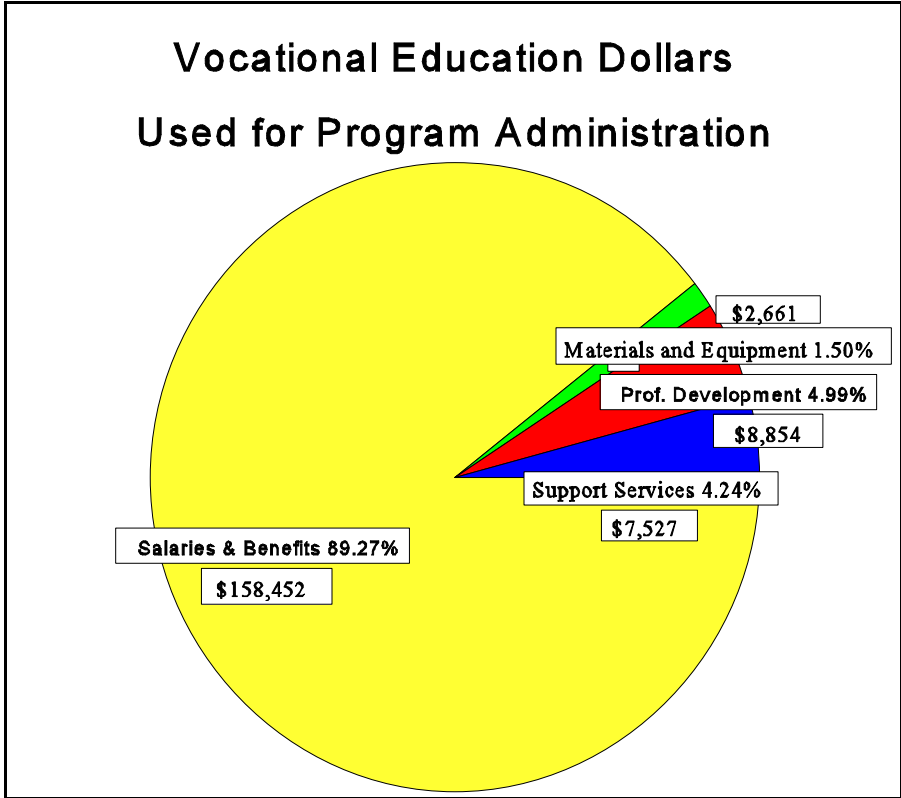
Figure 6

# VOCATIONAL EDUCATION

## 3 Percent of the Dollars Was Used for Program Administration

Federal dollars used for program administration totaled \$177 thousand or 3 percent, on average, for the 29 LEAs. Only 15 LEAs used Vocational Education dollars for program administration. For the 14 LEAs that did not use federal dollars to cover program administration, the costs were covered with state and local dollars.

Figure 7 below shows that 89 percent of the total program administration dollars was attributable to salaries for program coordinators and their applicable staff. Appendix B provides a list of LEAs and the percentages determined.



**Figure 7**

**VOCATIONAL EDUCATION**  
1 Percent of the Dollars Was Used for Indirect Costs

Federal dollars used for indirect costs totaled \$61 thousand or 1 percent, on average, for the 29 LEAs. Only 10 LEAs used Vocational Education dollars for indirect costs. For the 19 LEAs that did not use federal dollars to cover indirect costs, the costs were covered by state and local dollars.

Because of the nominal amount, we did not differentiate between the indirect costs attributable to the schools and those attributable to program administration. Appendix B provides a list of LEAs and the percentages determined.

## OTHER MATTERS

### LEA Administration of Title I, Part A and Vocational Education Dollars

#### Detailed Expenditure Information Permitted Thorough Analysis

The expenditure information at all 36 LEAs provided detailed transactions showing specific amounts of Title I, Part A and Vocational Education dollars expended at the LEA and the schools. This detailed information allowed us to research specific transactions in order to appropriately categorize the expenditures. For example, one LEA used approximately \$50,000 of Title I, Part A funds to purchase computers. According to the LEA's coding information, the computers had been purchased for use at the district level. However, by researching the purchase orders and interviewing LEA staff, we determined that the computers had actually been distributed to the schools. The purchases of the computers at the LEA level were made to obtain bulk discounts and to maintain initial physical control to ensure proper distribution to the schools. Consequently, had detailed records not been available, we could have inaccurately classified the expenditures as dollars used for program administration instead of dollars reaching the schools.

#### Regulations Reported as Helping to Keep LEAs Focused on Using Federal Dollars for the Schools

The program coordinators explained that the federal regulations which have specific requirements for Title I, Part A programs<sup>5</sup> and Vocational Education<sup>6</sup> programs helped to keep them focused on the needs of the students.<sup>7</sup> The coordinators and staff members explained that even though they have duties and assignments in conducting other educational programs, they must make sure that they comply with the requirements of the federal laws and regulations. They explained that this level of accountability keeps them focused in ensuring that the federal dollars reach the schools.

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<sup>5</sup>Elementary and Secondary Education Act, Title I, Part A Sections 1111-1120(b).

<sup>6</sup>Title 34 CFR 403.111 dated July 1997.

<sup>7</sup>Not all program coordinators responded specifically on this issue. We have provided the overall response from those who did respond.

Paperwork  
Requirements  
Reported  
Not a Burden

The majority of the program coordinators stated that the time they and their staffs spent in completing the federally required paperwork was worth the investment. Overall, they stated that the amount of time used to complete the paperwork was not burdensome. While they did not routinely track the time spent annually completing the paperwork, the Title I, Part A coordinators estimated the amount of time ranged from as little as 8 hours to as much as 10 percent. The estimates provided by the Vocational Education coordinators ranged from as little as two days annually to as much as 20 percent annually.

The Title I, Part A program coordinator at one LEA explained that he spent 40 to 50 percent of his time annually completing the paperwork required by both the federal and state regulations. However, he stated that, overall, the federal paperwork was not burdensome.

The program coordinator at another LEA reported that the Title I, Part A paperwork requirements were burdensome. Her concerns included the time required to complete the year-end progress reports. She explained that it appeared that the Department had an interest only in the “bottom line” of the reports. Therefore, she added that the time she and her staff used in completing the narrative explanatory part of the report seemed a waste of time.

Required Paperwork  
Reportedly Lends  
Itself to Multiple Uses

Many of the program coordinators also explained that fulfilling the regulations resulted in documentation and analysis with multiple uses<sup>5</sup>. Coordinators and other staff members expressed that, in addition to the needs specified by the federal regulations, the LEAs found multiple uses for much of the federally required information. For example, the Title I, Part A requirements for (1) developing student assessments, (2) determining revisions needed to curriculum to ensure that students meet state standards, and (3) conducting meetings with teachers, staff, and parents<sup>8</sup> resulted in their using the information for other programs within the schools.

Program coordinators reported that they used the assessments for purposes in addition to the Title I, Part A program needs. They used this information to help identify students who needed remedial help in reading, to help the parents to understand the status of the students’ academic standing, and to help the students themselves in understanding areas needing improvement.

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<sup>8</sup>Elementary and Secondary Education Act, Title I, Part A Section 1112 (b)(1), (4) and (6).

## Other Studies Show Similar Results

As part of our audit, we reviewed three studies conducted by others on the uses of federal education dollars by LEAs. While there were some slight differences in the methodologies, two of the studies reported similar findings to our analysis including that less than 10 percent of the LEAs' dollars were used for administration. The studies and their findings are discussed below.

- C General Accounting Office (GAO), *Compensatory Education: Most Chapter 1 Funds in Eight Districts Used for Classroom Services*, September 1992

This study reviewed the Chapter 1 spending patterns of eight LEAs. The report found that an average of 73 percent of Chapter 1 dollars went to classroom services. Additionally, about 17 percent was spent for support services and about 10 percent was spent for administration.

- C National Center for Education Statistics (NCES), *Development of School-Level Reporting System on Administrative Spending*, July 1997

This report analyzed NCES transformed finance data collected from SEA administrative records for over 16,000 LEAs. The results stated that LEAs nationally spent, on average, 60 percent of their dollars on instruction and 11 percent on administration. The remaining dollars were used for instructional support services and student services (9 percent), facilities maintenance and utilities (10 percent), transportation (4 percent), food services (4 percent), and other programs (2 percent).

- C Heritage Foundation, *U.S. Department of Education Financing of Elementary and Secondary Education: Where the Money Goes*, December 1996

This study examined the Department's spending for elementary and secondary education. The statistics were compiled by using a finance model based on 1993 fiscal year data obtained from the Department and other federal agencies. Specifically, the report stated that 85 percent of the Department's appropriations for elementary and secondary education reached LEAs. It did not provide specific data on how LEAs used the funds.

## Limitations on Use of Federal Dollars for SEA Administration Costs

At the state level, we reviewed documentation to determine whether the SEA had complied with the established caps for using federal dollars to cover administration expenses. For Title I, Part A dollars the cap is limited to 1 percent or \$400,000, whichever is greater<sup>9</sup>. For the Vocational Education Basic State Grant dollars the cap is limited to 5 percent or \$250,000, whichever is greater<sup>10</sup>. We determined that all six SEAs audited complied with the limitations on administration expenses.

## Vocational Education Action Memorandum

Using our definition of “program administration”, we identified two LEAs that used a significantly larger percentage of Vocational Education dollars to cover administration costs than the average 3 percent. Under specific circumstances specified in 34 CFR 403.195 (b), LEAs are limited to using 5 percent of Vocational Education dollars for administration costs. We have brought this issue concerning the two LEAs to the attention of the Department in a separate Action Memorandum.<sup>11</sup>

## DEPARTMENT COMMENTS

Department officials were provided an opportunity to comment on the findings discussed within a draft of this report. Their comments were generally editorial in nature and were incorporated where appropriate. Because of the nature of the comments, we did not include them as an attachment to this report. However, copies are available upon request.

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<sup>9</sup>Title 34 CFR 200.60 (a) (1) July 1997.

<sup>10</sup>Title 34 CFR 403.180 (b) (4) July 1997.

<sup>11</sup>State and Local Action Memorandum No. 98-03.



## BACKGROUND

Over the past decade, the general public has paid increasing attention to how its tax dollars are spent. The public has expressed concerns about the amount of Department program dollars retained for administration. Additionally, the public has expressed growing apprehension about the possibility of only a small portion of the money getting to the classroom.

The Results Act's purposes include improving the confidence of the American people in the capability of the federal government. The Results Act holds federal agencies accountable for achieving program results by promoting a new focus on results, service quality, and customer satisfaction. The Results Act specifies one of its purposes as improving federal program effectiveness and public accountability.<sup>12</sup>

The U.S. House of Representatives Committee on Education and the Workforce conducted field hearings across the country beginning January 29, 1997 through March 30, 1998 to evaluate the extent and quality of federal program involvement in education. The title for the hearings was *Education at a Crossroads: What Works? What's Wasted?* One of the major topics discussed at the hearings was "Dollars to the Classroom." Panelists who testified before the committee emphasized their concerns about the amount of federal dollars being used for administrative functions and, consequently, not reaching the schools.

In response to the purposes of the Results Act and the concerns expressed by the public, we conducted an audit to determine spending patterns of LEAs for two of the Department's formula grants: (1) Title I, Part A and (2) Secondary School Vocational Education. These programs are administered by OESE and OVAE, respectively.

### Title I, Part A

Title I, Part A provides supplemental financial assistance to LEAs through SEAs to improve the teaching and learning of children who are at-risk of not meeting challenging academic standards and who reside in areas with high concentrations of children from low-income families. For fiscal year 1996, OESE had a budget of \$9.2 billion. Title I, Part A allocations alone composed \$6.7 billion or 73 percent of OESE's budget.

States receive funding through a statutory formula based primarily on the number of children ages 5 through 17 from low-income families counted in the most recent decennial census. States allocate the county amounts determined by the Department to each eligible LEA within the county based on eligible child counts. LEAs must allocate dollars to schools on the basis of the total number of children from low-income families located in the attendance area. Schools located in an area with 50 percent or more poverty may use their Title I,

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<sup>12</sup>PL 103-62 107 Stat. 285, Government Performance and Results Act of 1993.

Part A dollars, along with most other Federal, State, and local dollars, to operate a schoolwide program to upgrade the instructional program in the whole school. Otherwise, a school must operate a targeted assistance program and select children deemed most needy for Title I, Part A services.

An SEA may reserve the greater of 1 percent or \$400,000 of their allocation for administration costs. The SEAs also may use one-half of one percent for Program Improvement. There is currently no administration cost cap for LEAs.

Secondary  
School Vocational  
Education Program  
(Title II, Part C)

The Carl D. Perkins Vocational and Applied Technology Education Act (Act) provides grants to assist states and outlying areas to expand and improve their programs in vocational education and to provide equal access in vocational education to special needs populations. The populations assisted by the Basic Grant program under the Act (Title II) range from secondary school students in pre-vocational courses through adults who need training to adapt to changing technological and labor market conditions. In fiscal year 1996, the Department provided \$972.8 million in Basic Grant dollars to States, LEAs, and post-secondary institutions. The SEAs then distributed the dollars for secondary school programs (Title II, Part C) based on a specific formula provided in 34 CFR 403.112.

Section 102 of the Act requires that SEAs reserve at least 75 percent of the dollars available under the Basic Grant program to be distributed to LEAs and post-secondary educational institutions. The remaining 25 percent is used for the Program for Single Parents, Displaced Homemakers, and Single Pregnant Women (10.5 percent); State Programs and State Leadership Activities (no more than 8.5 percent); administration costs (no more than 5 percent or \$250,000 whichever is greater); and Programs for Criminal Offenders (1 percent). Under specific circumstances specified in Title 34 CFR 403.195, an LEA is limited to using 5 percent of funds received under the Vocational Education program for administration costs.

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## AUDIT TEAM MEMBERS

*This program audit was performed with the guidance from Eastern Area Manager Carol S. Lynch, CPA, (404) 562-6470. Major contributors to this project include:*

Atlanta Regional Office

Melinda G. Stephens, CGFM, Auditor-in-Charge

C. David Kimble, CPA, Auditor

April Deaderick Potter, CGFM, Auditor

Washington, DC Advisory and Assistance Staff

Scott A. Johnston, Auditor, State and Local Programs

Richard T. Rasa, CGFM, Director, State and Local Programs

Other contributors

Stephen Hudgens, Auditor, Sacramento

Joan Morris, Auditor, Kansas City

Hector Zapata, Auditor, New York City