UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

SEP 2 8 2001

INFORMATION MEMORANDUM
STATE AND LOCAL NO. 01-02

To: Robert Pasternack
Assistant Secretary for Special Education and Rehabilitative Services

From: Lorraine Lewis

Subject: State-Reported Data Used to Evaluate Performance of the Individuals with Disabilities Education Act (IDEA), Part B – Special Education Programs

This memorandum is to notify you that our office has completed its review of State-reported data for special education programs authorized by IDEA, Part B. Our review focused on data that your Office of Special Education Programs (OSEP) uses to prepare the IDEA, Part B portion of the U.S. Department of Education's (Department's) Performance Reports and Plans required by the Government Performance and Results Act (GPRA). The review consisted of audits at State educational agencies (SEAs) and selected local educational agencies (LEAs) in four States: Arizona, California, Kansas and Michigan. Attachment 1 summarizes the products that the Office of Inspector General (OIG) has issued as part of its review.

We identified the following additional areas that warrant management's attention when evaluating performance indicators and preparing future performance reports for the IDEA, Part B – Special Education Programs.

- Differences in State criteria for reporting children receiving special education.
- Usefulness of Indicator 3.3 Suspensions or expulsions.
- Disclosing limitation of the data used for Indicator 4.1 Graduation.

As part of the *1999 Performance Reports and 2001* [Annual] *Plans*, the Department issued *Data Quality Standards* to assist ED managers as they collect, analyze and report data about Federal education programs. There are six data quality standards: Validity, Accurate Description, Editing, Calculation, Timeliness and Reporting.[1] Attention needs to be given to the above areas to ensure that OSEP fully meets these standards.

[1] Subsequent to the publication of the *1999 Performance Reports and 2001* [Annual] *Plans*, the Department revised the *Data Quality Standards*. The standard for Accurate Description became two separate standards: Accurate Definitions and Accurate Counts. A standard for Burden Reduction was added. The Department published the revised standards as *Draft Data Quality Standards* in the *2000 Performance Report and 2002 Annual Plans*, issued in March 2001.

Differences in State Criteria for Reporting Children Receiving Special Education

Our reviews found that States used different criteria for identifying the children to be included in State-reported data. In Arizona, Kansas and Michigan, the SEAs allowed intermediate educational agencies and/or LEAs to include only the children receiving special education who had individual education plans (IEPs) and reevaluations conducted within the timeframes required by Federal regulations. The regulation at 34 C.F.R. § 300.343(c)(1) requires that a child's IEP is reviewed at least annually and § 300.536 requires that a reevaluation is conducted at least once every three years. In California, the SEA allowed intermediate educational agencies and LEAs to include all children who were receiving special education whether the child had a current IEP/reevaluation or not.

Standard Two: Accurate Description of the *Data Quality Standards* ensures that definitions are correct. One aspect of this standard is that "[a]ll data providers use the same agreed-upon definitions." An example of meeting this standard is that "[k]ey terms are clearly defined and definitions [are] followed by data providers." The OSEP report form instructs States to "[c]ount and report all children with disabilities receiving special education and related services according to an [IEP]." OSEP's instructions do not specify whether the IEP must be current or not. Without clear definitions, OSEP has no assurance that States are reporting similar data. Also, an out-of-date IEP/assessment may result in the States providing inappropriate services, which could impact the performance of the IDEA, Part B-Special Education Programs.

Usefulness of Indicator 3.3 Suspensions or Expulsions

Performance Objective 3 for the IDEA, Part B Performance Plan is that "[a]ll children with disabilities have access to the general curriculum and assessments, with appropriate accommodations, supports, and services, consistent with high standards." Indicator 3.3 is one of three indicators for this performance objective.

> Indicator 3.3 Suspensions or expulsions: The percentage of children with disabilities who are subject to long-term suspension or expulsion, unilateral change in placement, or change in placement if their current placement is likely to result in injury to someone, will decrease.

Indicator 3.3 may not be a useful measure of performance because the change in percentage from year to year is likely to be insignificant.

The OSEP report form instructs States to report the number of children who were subject to (1) a unilateral removal for drug or weapon offenses, (2) removal based on a hearing officer determination regarding likely injury and/or (3) other long-term suspension/expulsion in the school year. The following table shows the reported number of children for two of the four States included in our review.[2]

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[2] Our audit of the California Department of Education and the Michigan Department of Education found that the suspension/expulsion data submitted to OSEP was incomplete.

Percentage of Children Reported with Suspensions/Expulsions

States	Reported Suspensions/ Expulsions (Column A)	Reported Children Ages 3-21 Receiving Special Education (Column B)	Column A Divided By Column B
Arizona	226	88,598	0.003
Kansas	335	58,425	0.006
Total	561	147,023	0.004

For these two States, Indicator 3.3 would be evaluating a decrease in the number that is very small (i.e. 0.004).

Standard One: Validity of the *Data Quality Standards* ensures that data adequately represents performance. An aspect of this standard is that "[t]he indicators and data are a useful guide to policy decision making." It is unlikely that Indicator 3.3 will provide OSEP with useful information on Performance Objective 3 if other States reported numbers that are similar in portion to those reported by the two States. OSEP should consider omitting Indicator 3.3.

Disclosing Limitation of the Data Used for Indicator 4.1 Graduation

Performance Objective 4 in the IDEA, Part B Performance Plan is that "[s]econdary school students with disabilities receive the support they need to complete high school prepared for postsecondary education or employment." Indicator 4.1 is one of two indicators for this performance objective.

> Indicator 4.1 Graduation: The percentage of children with disabilities exiting school with a regular high school diploma will increase, and the percentage who drop out will decrease.

OSEP obtains the exiting data from Table 4 of the State reporting form. Since the form instructions require States to use a 12-month period for reporting exits, the data reported only includes those children who received special education in the reporting period. The data does not include graduates and dropouts who did not need special education services during the reporting period, but who had received special education services in prior periods. Thus, the data does not capture all secondary school students with disabilities as the objective indicates. Also, the data does not show the full success of special education services.

Standard Six: Reporting of the *Data Quality Standards* ensures full disclosure is made. An example of meeting this standard is that "[l]imitations of the data are clearly described in the report." OSEP should consider either revising the indicator so that all children who received special education services at the secondary education level are included in the indicator or disclosing the data limitation in its program performance plan.

Purpose and Methodology

In August 1999, the OIG initiated an assessment of SEA policies and procedures for ensuring the reliability of IDEA, Part B performance data provided to the Department. The purpose of this memorandum was to notify the Office of Special Education and Rehabilitative Services (OSERS) that our office has completed its review and inform OSERS of additional areas that warrant attention when evaluating performance indicators and preparing future performance reports for the IDEA, Part B.

To accomplish this purpose, we summarized information from two OIG Memoranda and OIG reviews in the States of Arizona, California, Kansas and Michigan. The individual State reviews were performed in accordance with generally accepted government auditing standards appropriate to the scope of the review. In addition, we compared the criteria used by the four States to identify the children to be included in State-reported data. We analyzed suspension and expulsion data to evaluate the usefulness of Indicator 3.3. We compared the IDEA, Part B program goal with the performance objectives and indicator in the Program Performance Plan. We also reviewed the State reporting form instructions to assess whether the forms provided complete and relevant data. We discussed the contents of this memorandum with OSERS staff on September 26, 2001.

This memorandum was prepared in accordance with generally accepted government auditing standards applicable to alternative services as prescribed by the OIG. (Inspector General Bulletin No. 91-4, dated March 28, 1991).

No response from your office is necessary regarding the OIG suggestions contained herein. If you would like to discuss the issues presented in this memorandum or obtain additional information, contact Richard Rasa at (202) 205-9640 or Gloria Pilotti, Regional Inspector General for Audit at (916) 930-2399.

Attachment

Electronic cc: (w/attachment)

William D. Hansen, Deputy Secretary
Eugene W. Hickok, Under Secretary
Terry Abbott, Chief of Staff, Office of the Secretary
Laurie Rich, Assistant Secretary for Intergovernmental and Interagency Affairs
Susan Craig, Assistant General Counsel
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Kenneth Warlick, OSEP Director, ED-OSERS
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Barbara Bauman, Audit Liaison Officer, ED-OSERS

Summary of Products Issued Related to OIG Review of State-reported Data for Special Education Programs

The OIG issued two State and Local Memoranda and audit reports covering management controls in four States.

Action Memorandum
State and Local No. 01-02

On December 4, 2000, we alerted OSERS to actions that OSEP could take to improve the forms and instructions used for gathering State-reported data on the IDEA, Part B programs. We suggested that OSEP (1) issue guidance for determining a child's educational placement percentage, (2) require earlier reporting of placement data and (3) revise the exiting report form to ensure comparable data and eliminate duplicate counting of children who exited from special education.

OSEP informed us that the above issues were discussed at the Annual Part B Data Managers' Meeting held in March 2001. OSEP plans to include written instructions for calculating the placement percentage with the 2001-2002 school year reporting forms and start collecting placement data in February instead of November starting with the 2002-2003 school year data. Regarding the exiting report form, OSEP informed us that States agreed to use the child's age as of the count date as instructed in the Data Dictionary and OSEP stated that it would contact LEAs to make sure this is being followed. OSEP also plans to include the instructions for age definition in the exiting report for the 2001-2002 school year. Due to complexities related to the exiting report, OSEP plans to convene a work group to study the exiting report and work out the logistics of standardizing reporting for all States. After this is completed, OSEP plans to issue guidance to all States on exiting data collection for use beginning with the 2002-2003 school year.

Information Memorandum
State and Local No. 01-01

On August 3, 2001, we informed the Office of the Under Secretary of actions that the Department could take to increase its assurance that States provide reliable data for use in reports submitted to Congress under GPRA. We suggested that the Department distribute the *Data Quality Standards* to SEAs and encourage SEAs to provide the standards to LEAs located in their States. We also encouraged the Department to propose audit procedures for the *OMB Circular A-133 Compliance Supplement* that cover reviews of reports and electronic files submitted by SEAs and LEAs that provide data used to measure performance indicators for ED programs.

State Audit Reports

We reviewed the management controls of SEAs and selected LEAs in four States: Arizona, California, Kansas and Michigan.[3] The LEAs in Arizona and Kansas report performance data directly to SEAs. The LEAs in California and Michigan report performance data through an intermediary agency.

In the Department's *1999 Performance Reports and 2001* [Annual] *Plans*, OSEP used State-reported performance data for the following performance indicators:

- Earlier identification and intervention (intervention)
- Inclusive settings/Regular education settings (placement)
- Graduation (exiting)
- Suspensions or expulsions (discipline)
- Qualified personnel (personnel)

Our review of procedures and documentation at the SEAs and their LEAs identified weaknesses in management controls over collecting and reporting performance data used for the above performance indicators. We concluded that the SEAs and/or their LEAs did not fully meet the *Data Quality Standards* for Accurate Description, Editing, Timeliness and Reporting. The following table summarizes the common findings by State.

Common Findings by State

State	Entity Inadequately Reviewed Data	Data Collection Process Either Not Documented or Updated	Duplicate Child Counts	Incorrect Age for Exiting	Discipline Counts Estimated or Incomplete
Arizona	Exiting Discipline Personnel	Exiting Discipline Personnel		X	X
California	Intervention Placement Exiting		Exiting	X	X
Kansas	Intervention Placement Exiting Discipline	Intervention Placement Exiting Discipline	Exiting	X	
Michigan	All Indicators	All Indicators	Intervention Placement		X

The OIG issued separate reports for the four State audits with recommended actions for addressing the findings. SEA officials generally concurred or expressed no objections to our findings. Kansas SEA disagreed with several of our recommendations. The other SEAs generally agreed with the recommendations and described the corrective action planned or taken.

[3] OIG issued final audit reports for Arizona (ED-OIG/A09-A0001) in September 2000, California (ED-OIG/A09-A0016) in March 2001, Kansas (ED-OIG/A07-A0020) in July 2001 and Michigan (ED-OIG/A05-A0031) in September 2001.