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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

SEP 29 1969

Dear Dr. Allen:

As part of our review of activities carried out under title III of the Elementary and Secondary Education Act (ESEA) of 1965, we examined into the manner in which the Office of Education (OE), Department of Health, Education, and Welfare (HEW) was administering certain aspects of this program.

The title III program, which is referred to as Projects to Advance Creativity in Education (PACE) is intended to support vitally needed supplementary services and to encourage innovative and exemplary applications of new knowledge in schools throughout the nation.

We reviewed 21 separate PACE projects at 10 local educational agencies (LEA) in the Commonwealth of Massachusetts. OE made 43 grant awards under title III of ESEA totaling about \$2.5 million to these 10 LEAs over a four-year period ending with the 1968 to 1969 school year. Our review of grants awarded for the 1968 to 1969 school year related mainly to transactions recorded through December 1968. While the administration of the projects appeared to be generally in line with the OE guidelines, the following matters were noted which we believe warrant your attention.

NEED FOR MORE COMPLETE DOCUMENTATION OF RESULTS OF WORK PERFORMED BY CONSULTANTS

Our review of grants awarded to the LEAs under title III, ESEA, showed that when grantees hired consultants, they generally did not receive written reports regarding the consultation services furnished and were not otherwise required to document the results of consultations furnished. At 10 LEAs in the Commonwealth of Massachusetts, we found that a total of 241 consultants had been hired with grant funds at a total cost of about \$78,700, and that only 32 consultants had submitted reports or other adequate documentation relating to their consultations.

One of the major purposes of title III, ESEA, is to stimulate and assist in the development and establishment of exemplary elementary and secondary school educational programs to serve as models for regular school programs. Therefore, it would appear that documentation of the results of consultations should be included in the grantees' records so

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that other LEAs could review, and obtain the benefits of, such information when making a determination as to whether a particular type of title III project is adaptable to their needs and conditions.

The OE provided a revised publication titled "A Manual For Project Applicants And Grantees", dated May 1967, to furnish the educational community with guidelines for developing projects and submitting applications under title III and to interpret legislation and regulations as a basis for common understanding among educational institutions. The revised manual did not contain any guidance relative to the hiring of consultants such as a requirement that LEAs obtain reports for consulting services. A later guideline was issued titled "Administrative Manual For ESEA Title III State Plan Program" which also did not contain any guidance relative to the hiring of consultants. In addition, the Grant Terms and Conditions pertaining to title III grants provided only that consultants shall be paid at the prevailing rates established by the local agency. The Grant Terms and Conditions did not require grantees to obtain written reports from consultants.

We recognize that the selection of consultants by grantees may vary by purpose as well as by the length of time a consultant is hired, and that these matters all have a bearing on the extent to which the consultations could be documented. For example, one consultant may be hired for the evaluation of a title III project and receive fees for several days' work whereas another consultant may visit a project as a lecturer for one day only to address staff members. In these two examples, the grant records could include a formal written report from the first consultant (evaluation) and a memorandum to the file prepared by grantee personnel, concerning matters discussed with the second consultant (lecturer).

We discussed this matter with personnel at the OE Headquarters who acknowledged that the grantees' files should contain more complete documentation as to the results of work performed by consultants, either in the form of reports submitted by the consultants, or memoranda prepared by LEA personnel on the results of their meetings with consultants.

We believe that the existence of such documentation would provide a basis for measuring the effectiveness of the consultant services furnished and would be of benefit to all interested LEAs. Since our review indicated that substantial consultant costs were being incurred, we consider it important in the interest of more effective control and evaluation of services of consultants that reports of such consultations be required, or that results of consultations be appropriately documented in the records of grantees.

Recommendation

We recommend that the Administrative Manual For ESEA Title III State Plan Program, be revised to include a provision requiring that LEAs generally should obtain reports from consultants on the results of their work. In those instances where it is not feasible to require the receipt of a formal report from the consultant we believe that the grantee should be required to prepare trip reports, memoranda, or other appropriate documentation which would adequately reflect the discussions held with and views expressed by consultants.

NEED TO CONSIDER FUNDS AVAILABLE  
UNDER STATE PROGRAMS FOR SPECIAL  
EDUCATION IN AWARDING FEDERAL GRANTS

OE awarded grants totaling about \$397,000 over a two-year period to two of the ten LEAs included in our review for virtually the entire cost of projects for instructing perceptually handicapped children and emotionally disturbed children. At the time the grants were awarded, the Massachusetts Department of Education had existing programs of this type which provided for partial reimbursement to school districts for the costs incurred in operating such programs. However, the LEAs did not claim reimbursement of a portion of the first year's project costs from the State to help defray the cost of the project for the second year. As a result, OE financed virtually the entire cost of these projects for both years.

During 1966 and 1967, the Commonwealth of Massachusetts enacted legislation which provided for 50 percent reimbursement to towns and regional school districts for the costs of providing instruction for school age children who are so emotionally disturbed as to make their attendance at a public school not feasible and for instructing and training children with certain learning impairments resulting from perceptual-motor handicaps, including problems in visual perception and integration and the reading disability known as congenital dyslexia.

We noted that one of the two LEAs was awarded an operational grant of about \$125,000 for the 1967-68 school year, for a project which provided for special instruction of children with perceptual handicaps and emotional problems. About \$93,000 of the Federal grant funds were used during this project period to finance the entire cost of operating the project.

For the next period, covering the 1968-69 school year, the LEA requested funds totaling \$180,785. The OE program officer advised us, however, that because of the limited amount of title III funds appropriated to OE for fiscal year 1969 projects and because OE wished to generate local participation in this project as well as other projects in Massachusetts, the continuation grant was approved on the basis of

the amount authorized in the prior year less 10 percent. As a result, the LEA was authorized to expend funds totaling \$113,049 (\$125,610 less 10 percent) for the second budget period. The OE program officer also advised us that, although OE was aware of the State program which provided for 50 percent reimbursement to LEAs, the availability of State funds was not taken into consideration in approving the amount for the second project period, because OE considered this project to be an innovative demonstration project.

With respect to the second LEA included in our review, we were informed by the OE grants officer that his staff had negotiated reductions totaling about \$2,700 for several line items included in the LEA's budget request. The OE program officer informed us, however, that the availability of funds under the State program had not been considered in determining the amount of the award under the continuation grant.

A Massachusetts official advised us that the projects being conducted at the two LEAs included in our review were the type of projects that would have qualified for reimbursements under the Massachusetts State laws mentioned previously. Therefore, had OE arranged for the two LEAs to obtain reimbursement under the State law of 50 percent of eligible project costs of the first year before awarding the grants for the full costs of the second year's projects, more title III, ESEA funds could have been made available for use in financing additional educational projects in those LEAs which were not participating because of inadequate funding.

Since July 1, 1968, OE educational grants are generally made to the State Education Agency (SEA) upon approval of State plans, and the administration of the programs at the LEA level is the direct responsibility of the SEA.

#### Recommendation

Accordingly, we recommend that OE take appropriate steps to assure that the SEA in Massachusetts considers all funds available to LEAs under State programs for special education before approving the amounts of projects in special education to be financed from Federal grant funds made available to the State under title III, ESEA.

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We would appreciate receiving your comments on the matters discussed in this report and your advice as to any actions taken on our recommendations.

We wish to acknowledge the cooperation given to our representatives during the review. Copies of this report are being sent to the Assistant Secretary, Comptroller, HEW, for his information.

Sincerely yours,

  
Philip Charam  
Associate Director

The Honorable James E Allen, Jr.  
U S Commissioner of Education  
Department of Health, Education,  
and Welfare