

Arizona Department of Education Early Childhood Block Grant Program (Report Highlights)

September 2001

The Early Childhood Block Grant program provides money for three programs: 1) at-risk preschool, 2) full-day kindergarten, and 3) kindergarten through third grade. The Department of Education administers the program, passing approximately \$19.5 million annually to school districts and charter schools, based on the number of children eligible for free lunches.

Our Conclusions:

Grant recipients spend the majority of their grant dollars on instruction—primarily for teachers' and aides' salaries. However, in choosing among the three programs to be funded, the larger districts tend to fund preschool programs, while the smaller grantees fund the other two programs. Further, a few grantees revert sizeable amounts of grant dollars to the State because they fail to change their spending plans as circumstances change and/or they do not monitor their grant balances.

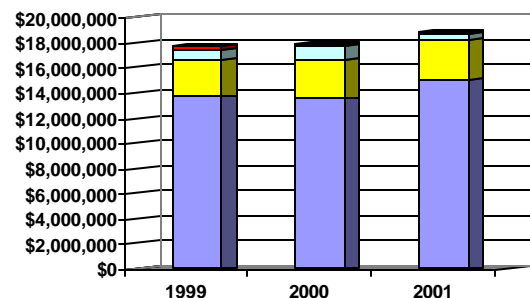
Grants Usually Used For Teachers and Preschool

Block grant recipients decide what costs will be covered by the grants and which of the three programs will be funded.

Costs—There are five categories of costs that the grants can be use for:

- Instruction—salaries, books;
- Student support services—counselors, dentists, doctors;
- Administrative support—principals, secretaries, lawyers;
- Non-instructional services—food services; and
- Capital outlays—grounds, equipment, buildings.

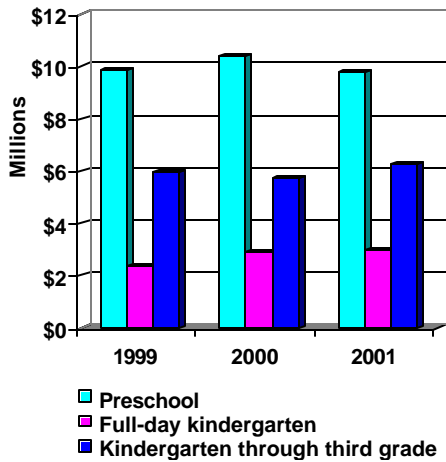
Type of Expenditures



■ Non-instructional services and administrative support
 □ Capital outlay
 ■ Support services--students
 ■ Instruction

Programs funded—Only 54 out of 315 grantees used their money for preschool. However, these grantees tended to be larger districts with larger grants. As a result, most of the total grant dollars go to preschool programs.

Expenditures by Program



However, the total grant dollars dedicated to preschool have declined since 1995 when the grant was a program that only covered pre-schools.

Money Budgeted to Preschool

	1995	2001
Preschool money	\$12,600,000	\$9,748,000
Number of grantees	103	54

The Department is Trying To Reduce the Grant Money Returned

In both fiscal year 1999 and 2000, more than \$1 million in grant money was reverted to the State. While this is only 5 percent of the total grants, most of the money returned comes from just a handful of districts.

- 75 percent of the returned monies came from about 20 grantees.
- 5 grantees returned a total of \$417,000.

Grantees seem to revert money because they either:

- Do not monitor how much money is available; or
- Do not revise their budgets as circumstances change.

Although the districts are responsible for managing their grant money, the Department is trying to help the problem. The Department currently:

- Reminds districts of the deadline to amend budgets; and
- Encourages grant coordinators to communicate with business managers about the money available.

The Department should:

- ✓ Continue to try and reduce the amount of grant money reverted, focusing especially on those grantees who return large amounts of money.

The Department Needs To Ensure Compliance

The Department's oversight efforts do not ensure grantees comply with certain requirements for preschool. Problem areas include:

- **Income eligibility of families**—Only families that qualify for free or reduced price lunches can participate. About one-third of the grantees do not maintain records proving that participants qualify.

- **Preschool notification**—Grantees are supposed to notify all federally funded and private preschools in the service area that they may provide services, but 16 percent do not fully comply with notification requirements.

The Department should:

- ✓ Continue to develop policies for monitoring compliance.

To Obtain More Information

- A copy of the full report can be obtained by calling (602) 553-0333 or by visiting our Web site at:

www.auditor.gen.state.az.us

- The contact person for this report is **Carol Cullen**.

