

PERFORMANCE AUDIT
OF THE
SCHOOL RESTRUCTURING AND ACCOUNTABILITY PROGRAM

DEPARTMENT OF EDUCATION AND
CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION

November 2001

EXECUTIVE DIGEST

SCHOOL RESTRUCTURING AND ACCOUNTABILITY PROGRAM

INTRODUCTION

This report, issued in November 2001, contains the results of our performance audit* of the School Restructuring and Accountability Program*, Department of Education and Center for Educational Performance and Information.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness* and efficiency*.

BACKGROUND

Article VIII, Section 3 of the State Constitution vests in the State Board of Education the leadership and general supervision over all public instruction.

Effective September 28, 2000, Executive Order No. 2000-9 established as a temporary agency the Center for Educational Performance and Information and transferred to it certain functions and responsibilities previously performed by the Department, including preparing educational reports, such as the Michigan School Report* and District Student Retention Report*, and contracting with third parties to measure program effectiveness of K-12 systems. As a result, the Center will be responsible for reviewing the exceptions noted in Findings 1 and 2.

* See glossary at end of report for definition.

In March 1990, a framework for reforming Michigan schools was enacted into law (Act 25, P.A. 1990). This framework, commonly known as "Public Act 25," contained four components pertaining directly to school districts and buildings. Included were provisions for a school building-level and school district-level three- to five-year school improvement process, the development and implementation of a school district core curriculum, a building-level accreditation process, and annual education reporting to each community and to the intermediate school district of which each school district is a member. The components, while addressed separately in the law, were linked together, creating a system within which schools address the needs of their students and develop programs and strategies, in conjunction with parents and community members, to meet those needs. The goal of Public Act 25 was to produce high quality programs and services leading to improved educational performance by all students.

In 1993, legislation added a student performance requirement for school accreditation. The accreditation status of schools was announced for the first time in 1995.

The School Restructuring and Accountability Program is administered by the Department's Office of School Excellence. The mission* of the Office is to provide leadership and activities to help Michigan schools become high quality schools and educational systems. The Program supports local school improvement through the development and promulgation of challenging performance and process standards, systems of support and accountability, and expectations for continuous progress to elevate the achievement of all Michigan students. The Program is responsible for policy development and

* See glossary at end of report for definition.

Statewide leadership to implement school improvement, annual education reporting, and accreditation, consistent with the Revised School Code of 1995, within all public schools, intermediate school districts, and public school academies. The Program cooperates with other areas of the Department regarding State reform initiatives and the implementation of quality assurance for federal programs such as Title I, Special Education, and Goals 2000.

The Department holds school buildings and school districts responsible for adopting and implementing a three- to five-year school improvement plan by September 1 of each year. The Department requires attributes, such as goals centered on student academic learning, strategies to accomplish the goals, and evaluation of the plan, to be included in the three- to five-year school improvement plan.

For the fiscal year ended September 30, 2000, the Department expended approximately \$1.6 million in administering its School Restructuring and Accountability Program responsibilities. As of September 30, 2000, the Department had 1 full-time equated employee assigned to the Program.

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess the propriety of the Program's methodology for obtaining and reporting accurate school district performance data in the Michigan School Report.

Conclusion: We concluded that the Program's methodology for obtaining and reporting accurate school district performance data in the Michigan

School Report needed improvement. Our assessment disclosed two material conditions*:

- The Department did not have an effective process for gathering school district accountability data (Finding 1).

The Center informed us that it will consider the recommendation made relative to this finding to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan.

- The Department's methodology for calculating school district retention and dropout rates was not in accordance with statute and may have resulted in the Department's and school districts' reporting of unreliable information (Finding 2).

The Center informed us that it will consider the recommendation made relative to this finding to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan.

Audit Objective: To assess the reasonableness of the Program's methodology for accrediting school buildings throughout the State.

Conclusion: Based on our assessment, which disclosed two material conditions, we question the

* See glossary at end of report for definition.

reasonableness of the Program's methodology for accrediting school buildings:

- The Department did not assess the reasonableness of placing a high level of reliance on Michigan Educational Assessment Program* (MEAP) test results for determining school building accreditation levels (Finding 3).

The Department agreed with the corresponding recommendation and informed us that it will review the reasonableness of MEAP as a part of the accreditation system.

- The Department did not accredit school buildings and report such accreditation in compliance with statute and the Department's established process (Finding 4).

The Department agreed with the corresponding recommendation and informed us that it will accredit school buildings and report such accreditation in compliance with statute and the Department's established system. However, the Department disagreed with part of Finding 4.

Audit Objective: To assess the Program's effectiveness in assisting in developing and maintaining high quality schools and educational systems.

Conclusion: We concluded that the Program was generally effective in assisting in developing and maintaining high quality schools and educational systems. However, our assessment disclosed two reportable conditions* related to technical assistance

* See glossary at end of report for definition.

evaluation and administration and school improvement plan review (Findings 5 and 6).

**AUDIT SCOPE AND
METHODOLOGY**

Our audit scope was to examine the program and other records of the School Restructuring and Accountability Program. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our ability to achieve our first audit objective in accordance with *Government Auditing Standards* was impeded by the Department's refusal to provide us unlimited access to employees associated with, and the withholding of requested documentation concerning adjustments to, the calculation of certain school year 1997-98 graduation/completion and dropout rates. The Department provided us with general information concerning its calculation of school district graduation/completion and dropout rates, documentation supporting the initial computation of school year 1997-98 school district graduation/completion and dropout rates, and documentation concerning revisions made to school year 1997-98 graduation/completion and dropout rates for the 8 school districts that we visited. Our review disclosed concerns with the Department's methodology for computing the rates (Finding 2). Not having unlimited access to employees to discuss, or having seen the supporting documentation for, revisions made to school year 1997-98 graduation/completion and dropout rates for districts other than those visited, we could not assess whether such discussions or documentation would have further affected our conclusion regarding our first objective and may have resulted in a more negative conclusion.

Our audit work included an examination of program and selected local school district records primarily for the period October 1996 through June 2000. Our methodology included a preliminary review of Program operations. This involved interviewing various Program staff and reviewing applicable statutes, policies and procedures, reports, and other reference materials. We reviewed audit reports on similar programs in other states.

We visited 25 school buildings in 8 local school districts, interviewed staff responsible for Program activities and using Program results, and obtained data pertaining to student academic performance. Also, we interviewed 3 technical assistance contract providers concerning their efforts to assist school districts in improving student performance.

We reviewed methods used by the Program to measure and evaluate Program effectiveness. We analyzed Program records to determine compliance with statutes.

We evaluated guidance provided to school districts for reporting data to the Department for inclusion in the Michigan School Report. We reviewed the Program's monitoring of data submitted by school districts that is used to determine school building accreditation status. We assessed the accuracy of data submitted by school districts and information contained in the Michigan School Report.

We analyzed the Department's accreditation methodology for reasonableness. We interviewed school district administrators regarding the appropriateness of the Department's accreditation methodology as an indicator of instructional quality.

We interviewed Program staff and school district administrators regarding outcomes* demonstrating that the Program is developing high quality schools and educational systems. We analyzed school building student MEAP test results to determine whether school buildings provided with technical assistance demonstrated improved MEAP test results.

AGENCY RESPONSES

Our audit report contains 6 findings and 7 corresponding recommendations. The Center's preliminary response to Findings 1 and 2 indicated that it would consider the corresponding recommendations to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan. The Department's preliminary response to Findings 3 through 6 indicated that it agreed with the 5 corresponding recommendations but disagreed with part of Finding 4.

* See glossary at end of report for definition.

November 2, 2001

Mr. Thomas D. Watkins, Jr., Chairperson
State Board of Education
Hannah Building
Lansing, Michigan
and
Ms. Madhu Anderson, Director
Center for Educational Performance
and Information
One Michigan Avenue
Lansing, Michigan

Dear Mr. Watkins and Ms. Anderson:

This is our report on the performance audit of the School Restructuring and Accountability Program, Department of Education and Center for Educational Performance and Information.

This report contains our executive digest; description of program; audit objectives, scope, and methodology and agency responses; comments, findings, recommendations, and agency preliminary responses; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agencies' responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agencies develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Program

The Department of Education was established by the Executive Organization Act of 1965 (Act 380, P.A. 1965). The elected eight-member State Board of Education established by the State Constitution heads the Department.

The principal executive officer is the Superintendent of Public Instruction, who is appointed by the Board. Article VIII, Section 3 of the State Constitution vests in the State Board of Education the leadership and general supervision over all public instruction.

Effective September 28, 2000, Executive Order No. 2000-9 established as a temporary agency the Center for Educational Performance and Information and transferred to it certain functions and responsibilities previously performed by the Department, including preparing educational reports, such as the Michigan School Report and the District Student Retention Report, and contracting with third parties to measure program effectiveness of K-12 systems. As a result, the Center will be responsible for reviewing the exceptions noted in Findings 1 and 2.

In March 1990, a framework for reforming Michigan schools was enacted into law (Act 25, P.A. 1990). This framework, commonly known as "Public Act 25," contained four components pertaining directly to school districts and buildings. Included were provisions for a school building-level and school district-level three- to five-year school improvement process, the development and implementation of a school district core curriculum, a building-level accreditation process, and annual education reporting to each community and to the intermediate school district of which each school district is a member. The components, while addressed separately in the law, were linked together, creating a system within which schools address the needs of their students and develop programs and strategies, in conjunction with parents and community members, to meet those needs. The goal of Public Act 25 was to produce high quality programs and services leading to improved educational performance by all students.

In 1993, legislation added a student performance requirement for school accreditation. The accreditation status of schools was announced for the first time in 1995. Summary accreditation status was awarded to 163 schools, 93 schools were unaccredited, and 2,762 schools fell in between in a category called "interim." In 1996, accreditation status was announced again but only for elementary and middle schools; high schools

were not included because of a change in the Michigan Educational Assessment Program (MEAP) test.

The School Restructuring and Accountability Program is administered by the Department's Office of School Excellence. The mission of the Office is to provide leadership and activities to help Michigan schools become high quality schools and educational systems. The Program supports local school improvement through the development and promulgation of challenging performance and process standards, systems of support and accountability, and expectations for continuous progress to elevate the achievement of all Michigan students. The Program is responsible for policy development and Statewide leadership to implement school improvement, annual education reporting, and accreditation, consistent with the Revised School Code of 1995, within all public schools, intermediate school districts, and public school academies. The Program cooperates with other areas of the Department regarding State reform initiatives and the implementation of quality assurance for federal programs such as Title I, Special Education, and Goals 2000.

The Department holds school buildings and school districts responsible for adopting and implementing a three- to five-year school improvement plan by September 1 of each year. The Department requires attributes, such as goals centered on student academic learning, strategies to accomplish the goals, and evaluation of the plan, to be included in the three- to five-year school improvement plan.

For each of the three fiscal years ended September 30, 2000, the Department has received an appropriation of \$1.5 million for technical assistance to school buildings with low accreditation levels.

For the fiscal year ended September 30, 2000, the Department expended approximately \$1.6 million in administering its School Restructuring and Accountability Program responsibilities. As of September 30, 2000, the Department had 1 full-time equated employee assigned to the Program.

Audit Objectives, Scope, and Methodology and Agency Responses

Audit Objectives

Our performance audit of the School Restructuring and Accountability Program, Department of Education and Center for Educational Performance and Information, had the following objectives:

1. To assess the propriety of the Program's methodology for obtaining and reporting accurate school district performance data in the Michigan School Report.
2. To assess the reasonableness of the Program's methodology for accrediting school buildings throughout the State.
3. To assess the Program's effectiveness in assisting in developing and maintaining high quality schools and educational systems.

Audit Scope

Our audit scope was to examine the program and other records of the School Restructuring and Accountability Program. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our ability to achieve our first audit objective in accordance with *Government Auditing Standards* was impeded by the Department's refusal to provide us unlimited access to employees associated with, and the withholding of requested documentation concerning adjustments to, the calculation of certain school year 1997-98 graduation/completion and dropout rates. The Department provided us with general information concerning its calculation of school district graduation/completion and dropout rates, documentation supporting the initial computation of school year 1997-98 school district graduation/completion and dropout rates, and documentation concerning revisions made to school year 1997-98 graduation/completion and dropout rates for the 8 school districts that we visited. Our review disclosed concerns with the Department's methodology for computing the rates (Finding 2). Not having unlimited access to employees to discuss, or having seen the supporting documentation for, revisions made to school year 1997-98 graduation/completion and dropout rates for districts other than

those visited, we could not assess whether such discussions or documentation would have further affected our conclusion regarding our first objective and may have resulted in a more negative conclusion.

Audit Methodology

Our audit work, performed between October 1999 and September 2000, included an examination of program and selected local school district records primarily for the period October 1996 through June 2000.

Our methodology included a preliminary review of Program operations. This involved interviewing various Program staff and reviewing applicable statutes, policies and procedures, reports, and other reference materials. We reviewed audit reports on similar programs in other states.

We visited 25 school buildings in 8 local school districts, interviewed staff responsible for Program activities and using Program results, and obtained data pertaining to student academic performance. Also, we interviewed 3 technical assistance contract providers concerning their efforts to assist school districts in improving student performance.

We reviewed methods used by the Program to measure and evaluate Program effectiveness. We analyzed Program records to determine compliance with statutes.

To accomplish our first audit objective, we interviewed Department staff responsible for compiling and reporting data in the Michigan School Report. We evaluated guidance provided to school districts for reporting data to the Department for inclusion in the Michigan School Report. We reviewed the Program's monitoring of data submitted by school districts that is used to determine school building accreditation status. We assessed the accuracy of data submitted by school districts and information contained in the Michigan School Report.

To accomplish our second audit objective, we analyzed the Department's accreditation methodology for reasonableness. We interviewed school district administrators regarding the appropriateness of the Department's accreditation methodology as an indicator of instructional quality.

To accomplish our third audit objective, we interviewed Department, local school district, and technical assistance contractor staff regarding their efforts to identify "best

practices" in developing and instituting a high quality school improvement and accreditation process. We interviewed Program staff and school district administrators regarding outcomes demonstrating that the Program is developing high quality schools and educational systems. We analyzed school building student Michigan Educational Assessment Program (MEAP) test results to determine whether school buildings provided with technical assistance demonstrated improved MEAP test results.

Agency Responses

Our audit report contains 6 findings and 7 corresponding recommendations. The Center's preliminary response to Findings 1 and 2 indicated that it would consider the corresponding recommendations to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan. The Department's preliminary response to Findings 3 through 6 indicated that it agreed with the 5 corresponding recommendations but disagreed with part of Finding 4.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and Department of Management and Budget Administrative Guide procedure 1280.02 require the Department of Education and the Center for Educational Performance and Information to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES

PROPRIETY OF THE PROGRAM'S METHODOLOGY FOR OBTAINING AND REPORTING ACCURATE SCHOOL DISTRICT PERFORMANCE DATA IN THE MICHIGAN SCHOOL REPORT

COMMENT

Audit Objective: To assess the propriety of the School Restructuring and Accountability Program's methodology for obtaining and reporting accurate school district performance data in the Michigan School Report.

Conclusion: We concluded that the Program's methodology for obtaining and reporting accurate school district performance data in the Michigan School Report needed improvement. Our assessment disclosed two material conditions. The Department of Education did not have an effective process for gathering school district accountability data. Also, the Department's methodology for calculating school district retention and dropout rates was not in accordance with statute and may have resulted in the Department's and school districts' reporting of unreliable information.

FINDING

1. School District Accountability Data

The Department did not have an effective process for gathering school district accountability data.

Section 380.1204a of the *Michigan Compiled Laws* requires that school districts prepare an Annual Educational Report for each school building that they want accredited. School districts are to submit the reports to the Department by September 1 of each year. School district Annual Educational Reports are to include retention and dropout rates. School districts distribute their Annual Educational Reports to residents of their school districts as one method of accountability reporting.

Sections 388.1608 and 388.1758 of the *Michigan Compiled Laws* require that, in order to receive State School Aid Fund money, each school district must provide the Department with the data necessary for the preparation of an annual District Student Retention Report. The Department uses the student head count data submitted by the school districts to calculate various retention measurement indicators for presentation in the District Student Retention Report. The report, which the Department annually compiles and delivers to the legislative education committees as required by Section 388.1608, includes the calculated student graduation/completion rate, dropout rate, percentage of students retained in class, the school district's growth rate, and the percentage of students in alternative programs for each school district. The Department provides its calculated rates to the school districts for inclusion in their Annual Educational Reports.

Also, the Department includes several elements contained in the school districts' Annual Educational Reports as school district accountability data in its Michigan School Report. The Department publishes the Michigan School Report data on its web site.

The Department's process for gathering school district accountability data includes providing guidance regarding the specific data to be submitted, defining how the school districts are to submit the data, and monitoring to ensure that the school districts submit their data consistent with the Department's guidance and definitions. Our review of the process relating to the gathering of school district accountability data for 8 school districts disclosed:

- a. The Department had not established effective procedures to assess the accuracy of student head count data submitted by school districts and resolve questionable data.

School districts electronically submit annual student head count data to the Department. The Department informed us that because of limited resources, it did not randomly and systematically assess the accuracy of the school districts' data, but rather performed analytical review procedures designed to detect significantly erroneous data. The Department's analytical review procedures included reviewing data submitted by school districts for reasonableness and identifying reasons for unusual, significant fluctuations.

The Department indicated in its guidance to school districts that individual grade 9 through grade 12 retention rates in excess of 100% and negative dropout rates were illogical and that student head count data that resulted in either of these conditions may indicate an error in a school district's data. When the Department's analytical review procedures detected suspected erroneous data, the Department requested that the school district review the submitted data for errors. If the school district did not amend the suspected erroneous data, the Department excluded the data from certain calculations without determining whether the data was, in fact, erroneous and, if so, obtaining the appropriate accurate data. For example, one school district submitted school year 1997-98 student head count data to the Department that resulted in a grade 12 retention rate of 123% and a dropout rate of negative 23%. The Department omitted the grade 12 data for this school district, which resulted in a reduction of the school district's calculated graduation/completion rate from 83% to 68%.

However, omitting all grade 12 data would most likely result in an inaccurate determination of the graduation/completion rate (see Finding 2.c.). Having effective procedures that result in the Department obtaining accurate school district student head count data for use in computing accountability measures, rather than omitting the data for an entire grade, would provide users with more accurate and useful information.

- b. The Department did not provide guidance to school districts regarding data to be submitted for students transferring to adult education programs.

Because the Department did not provide guidance, all 8 of the school districts that we visited excluded students who transferred to adult education programs for the purpose of providing student head count data to the Department to calculate student retention and dropout rates. School district administrators informed us that school districts commonly referred students with performance problems in high school to adult education programs to determine whether those programs were better suited to the students' needs for continuing education. School district administrators also stated that students who transferred to adult education programs had a significantly higher dropout rate than students who remained in high school. However, the districts' exclusion of these students for the purpose of submitting student head count data to the Department would most likely result in an overstatement of the Department's

calculated graduation/completion rate and an understatement in the calculated dropout rate for the school districts.

Excluding those students who transferred to an adult education program within the school district from the student head count data submitted to the Department was inconsistent with the Department's guidance on students who transferred to alternative education programs. The Department's guidance indicated that school districts were to consider students who transferred to alternative education programs as having transferred out of the district if the students' records were requested by another school district. Students who transfer out of the school district do not have an effect on the Department's calculation of the school district's graduation/completion and dropout rates.

The Department's lack of guidance resulted in school districts using the most advantageous method of accounting for students who transferred to adult education programs for the purpose of determining student retention and dropout rates.

- c. The Department did not exercise the necessary action, including possible financial sanctions, against school districts that did not submit the required data for preparation of the District Student Retention Report.

The Department informed us that it contacted school districts that were delinquent in submitting their school year 1997-98 student head count data by the December 3, 1998 deadline. However, as of March 15, 2000, 32 school districts still had not submitted their school year 1997-98 student head count data to the Department. As a result, the Department was unable to compute the school year 1997-98 data for these school districts necessary for inclusion in the District Student Retention Report. Because of a scope limitation, which is more fully explained in the audit scope section of this report, we were not able to review the Department's efforts to obtain delinquent student head count data.

Although allowed by statute, the Department did not withhold State School Aid Fund money from those school districts that did not submit the required student head count data.

Improving the State's process to help ensure the receipt of accurate, uniform, and timely school district accountability data from school districts should provide for more accurate reporting in the Michigan School Report, the District Student Retention Report, and school district Annual Educational Reports. As a result, users will have more reliable information upon which to draw conclusions concerning school district effectiveness.

Although the exceptions described in this finding occurred prior to the establishment of the Center for Educational Performance and Information, in accordance with Executive Order No. 2000-9, the Center will be responsible for reviewing these exceptions.

RECOMMENDATION

We recommend that the Center develop an effective process for gathering school district accountability data.

AGENCY PRELIMINARY RESPONSE

The Center informed us that it will consider the recommendation made relative to this finding to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan.

FINDING

2. School District Retention and Dropout Rates

The Department's methodology for calculating school district retention and dropout rates was not in accordance with statute and may have resulted in the Department's and school districts' reporting of unreliable information.

Section 380.1204a of the *Michigan Compiled Laws* requires that school districts prepare an Annual Educational Report for each school building that they want accredited. School districts are to submit the reports to the Department by September 1 of each year. School district Annual Educational Reports are to include retention and dropout rates. The Department uses student head count data submitted by the school districts to calculate school district retention and dropout rates and provides these rates to the school districts for inclusion in their Annual Educational Reports. Also, the Department reports this information in the Michigan School Report and the annual District Student Retention Report.

Section 388.1606(2) of the *Michigan Compiled Laws* requires that the Department calculate school district student retention rates as defined in the statute. The student retention rate is the proportion of students who have not dropped out of school in the preceding school year. The rate is equal to 1 minus the quotient of the number of students unaccounted for in the preceding school year, as determined pursuant to Section 388.1606(3) of the *Michigan Compiled Laws*, divided by the number of students in the preceding school year.

Section 388.1608(2) of the *Michigan Compiled Laws* requires that the Department also calculate an annual student dropout rate for each school district, based on the District Student Retention Report as defined in Section 388.1606(3). The District Student Retention Report is a report of the number of students, excluding migrant and adult students, in the school district in the preceding school year, adjusted for those students who have transferred into the school district, transferred out of the school district, transferred to alternative programs, or graduated, to determine the number of students who are unaccounted for. The number of students unaccounted for shall be calculated as determined by the Department.

Based on its interpretation of Section 388.1606(3), the Department calculated school district dropout rates as 1 minus the calculated school district retention rate.

In contrast, a collaborative effort sponsored by the State Board of Education, which included educational professionals from the Department, educational associations and organizations, and school districts, developed a handbook entitled "Preparing Your Annual Educational Report" to provide guidance to school districts in preparing their Annual Educational Reports. The handbook, revised in 1993, included definitions of retention and dropout rates that were different from the definitions contained in statute. The handbook definitions are:

- (1) Retention rate - The percentage of grade 9 students who graduate from high school within four years, adjusting for those students who move in and out of the school district and to alternative programs.
- (2) Dropout rate - The percentage of students who leave school in any one year, adjusting for those students who move in and out of the school district.

Our review of the Department's calculation and reporting of school district retention and dropout rates for school year 1997-98, which was the most recent year available at the time of our audit, disclosed:

- a. The Department did not report school district retention rates in accordance with statute.

The Department calculated school district retention rates by determining the average of the school districts' Department-calculated individual grade 9 through grade 12 retention rates. The Department stated that it believed that this calculation methodology was in accordance with the statute. However, the Department did not report these calculated retention rates. Rather, the Department calculated and reported what it referred to as a graduation/completion rate for each school district. The Department calculated school district graduation/completion rates by multiplying together each of the school district's Department-calculated individual grade 9 through grade 12 retention rates. The Department's Michigan School Report stated that a school district's graduation/completion rate represented the estimated percentage of the school district's grade 9 students who would complete their senior year and graduate. For some school districts, the retention rate was significantly different from the graduation/completion rate.

The Department provided its calculated graduation/completion rates to school districts for inclusion in their Annual Educational Reports, rather than providing the school districts with the school district retention rates calculated in accordance with the statute. All 8 of the school districts that we visited reported the Department's calculated graduation/completion rates in their Annual Educational Reports as their district graduation rates. However, administrators at all of the 8 districts informed us that they did not agree that the Department's methodology for calculating their graduation/completion rates resulted in an accurate representation of the school districts' graduation rates. Administrators stated that they agreed with the methodology for calculating retention rates as provided by "Preparing Your Annual Educational Reports."

In compliance with statute, the Department calculated and reported each school district's dropout rate as 1 minus the school district's Department-calculated retention rate. This methodology resulted in a school district

dropout rate that was directly correlated, as a reciprocal, to the school district retention rate. However, because the Department reported its calculated graduation/completion rate for each school district, the reported dropout rate was not directly correlated to the reported graduation/completion rate of the school districts.

For example, the following table shows that the Department's reported dropout rate for School District 1 was 5%, based on the preceding calculation methodology. However, the reported graduation/completion rate for the school district was 68% and, as a result, there was no direct correlation between the two reported rates. Further, the school district informed us that it did not believe the Department's reported dropout rate was accurate. The school district had calculated that its dropout rate was 31% by tracking the population of its school year 1994-95 students present in grade 9 to the end of school year 1997-98 to determine the percentage of students who had dropped out, adjusting for students who had transferred out of the school district and to alternative programs. This school district's methodology for calculating its retention and dropout rates, which was based on the handbook, appropriately resulted in rates with a direct correlation.

For the 8 school districts that we visited, the following table shows the Department's retention rates calculated in accordance with the statute, the Department's calculated graduation/completion rates, the graduation rate for one school district as calculated by that district in accordance with the

handbook, the Department's calculated dropout rates, and the dropout rate for one school district as calculated by that district:

School Year 1997-98

School District	Statutorily Calculated Retention Rate	Department-Calculated Graduation/Completion Rate*	School District-Calculated Graduation Rate	Department-Calculated Dropout Rate*	School District-Reported Dropout Rate
1	95%	68%	57%	5%	31%
2	96%	85%	N/A	4%	N/A
3	93%	79%	N/A	7%	N/A
4	86%	57%	N/A	14%	N/A
5	92%	70%	N/A	8%	N/A
6	89%	65%	N/A	11%	N/A
7	96%	86%	N/A	4%	N/A
8	94%	79%	N/A	6%	N/A

* As reported in the Michigan School Report and the District Student Retention Report.

As the table indicates, there was a significant variance among the rates calculated using the different methodologies. The Department's reporting of its graduation/completion rates was not in compliance with the statute because the methodology used to calculate the rates resulted in an estimate of the school district's future graduation/completion percentages, and most likely increased the level of confusion by the users of the data.

- b. The Department, in conjunction with stakeholders, had not determined the methodologies for calculating school district accountability measures that provided the most useful information.

As described in this finding, there are a number of different methodologies available for calculating school district student accountability measures. All of these methodologies may provide accountability measures for assisting interested stakeholders in evaluating a school district. However, the Department reported and made available to stakeholders and/or other users only the accountability measures calculated using its methodology.

Although the various methodologies are intended to report like/similar measures, they often provide a wide range of results for the same district, as the table in item a. of this finding indicates. For example, School District 1's rates range from 57% to 95% and from 5% to 31% for like/similar accountability measures, and School District 4's rates range from 57% to 86%. Such wide ranges for like/similar accountability measures are confusing as to what they actually represent, reduce the usefulness of the information, and increase the chance that the information will be misused.

A formal review by the Department, in conjunction with stakeholders (such as school districts, parents, and educational associations), to determine specific methodologies for calculating the most useful, uniform, and reliable school district student accountability measures should be in the best interest of all parties concerned. Implementation of the most useful methodologies would require the Department to request amendatory legislation.

- c. The Department omitted school district-submitted student head count data that it considered to be erroneous from its calculation of school district graduation/completion rates without determining whether the data was, in fact, erroneous.

As discussed in item a. of this finding, the Department's methodology for calculating the graduation/completion rate for each school district was to multiply together each of the district's Department-calculated individual grade 9 through grade 12 retention rates. For school districts that had larger fluctuations in individual school year retention rates, this methodology resulted in larger variances from the retention rate calculated using the handbook methodology. In an effort to reduce the variances, in early spring 2000, the Department revised its methodology for calculating school district graduation/completion rates for those school districts that submitted student head count data that resulted in the Department calculating individual grade 9 through grade 12 retention rates of more than 100% and a negative dropout rate. The Department believed that school district data that resulted in an individual grade 9 through grade 12 retention rate of more than 100% and a negative dropout rate was illogical and may indicate an error in the data submitted by the school district.

When the Department received such data, it requested that the school district review the data for errors. If the school district did not amend its submitted data to eliminate the retention rate of more than 100% and a negative dropout rate, the Department excluded the data for that grade level from its calculation of the school district's graduation/completion rate. For pertinent school districts, excluding one of the grade-level retention rates from the calculation can have a significant effect on the school districts' graduation/completion rates. For example, the grade 12 student head count data submitted for one of the school districts that we visited indicated a 123% retention rate and a negative 23% dropout rate. Unable to resolve the propriety of the grade 12 data, the Department excluded the data from the computation of the school district's school year 1997-98 graduation/completion rate. The exclusion resulted in the reported graduation/completion rate changing from 83% to 68%. Excluding student head count data for an entire grade most likely resulted in an inaccurate reporting of a school district's actual graduation/completion rate.

Because of a scope limitation, which is more fully explained in the audit scope section of this report, we were not able to review, except for the 8 school districts that we visited, the extent to which the Department excluded other school district data from its calculation of school district graduation/completion rates. We question whether the Department's exclusion of certain grade-level data results in the most accurate computation of school district graduation/completion, retention, and/or dropout rates.

Retention and dropout rates are often viewed as key indicators of school district performance. Therefore, it is critical that retention and dropout rate information be useful and reliable.

Although the exceptions described in this finding occurred prior to the establishment of the Center, in accordance with Executive Order No. 2000-9, the Center now has oversight of such educational reports.

RECOMMENDATION

We recommend that the Center, in conjunction with stakeholders, review its methodology for calculating school district retention and dropout rates and, if

appropriate, request amendatory legislation to help improve the reporting of reliable information.

AGENCY PRELIMINARY RESPONSE

The Center informed us that it will consider the recommendation made relative to this finding to support its review of improvements needed in the data collection and reporting processes for all educational related data in Michigan.

REASONABLENESS OF THE PROGRAM'S METHODOLOGY FOR ACCREDITING SCHOOL BUILDINGS THROUGHOUT THE STATE

COMMENT

Audit Objective: To assess the reasonableness of the Program's methodology for accrediting school buildings throughout the State.

Conclusion: **Based on our assessment, which disclosed two material conditions, we question the reasonableness of the Program's methodology for accrediting school buildings.** The Department did not assess the reasonableness of placing a high level of reliance on Michigan Educational Assessment Program (MEAP) test results for determining school building accreditation levels. Also, the Department did not accredit school buildings and report such accreditation in compliance with statute and the Department's established process.

FINDING

3. Reasonableness of Assessment Tools

The Department did not assess the reasonableness of placing a high level of reliance on MEAP test results for determining school building accreditation levels.

The Department developed and implemented a process in 1993 for accrediting school buildings pursuant to Section 380.1280 of the *Michigan Compiled Laws*. The statute defines "accredited" as certified by the State Board of Education as having met or exceeded Board-approved standards established for six areas of school operation: administration and school organization, curricula, staff, school plant and facilities, school and community relations, and school improvement plans and student performance. Also, the statute states that the building-level evaluation used in the accreditation process shall include, but not be limited to, school data

collection, self-study, visitation and validation, determination of performance data to be used, and the development of a school improvement plan. Further, the statute requires that the standards for accreditation include, but not be based solely on, student performance on MEAP tests.

As noted in Finding 4.a., the Department's use of MEAP test results as the sole factor for determining accreditation after school year 1997-98 was not in compliance with statute. Prior to school year 1997-98, the Department based accreditation on the MEAP test results and the school building's reported self-assessment of compliance with 109 items that the Department had identified from Sections 380.1 - 380.1853 of the *Michigan Compiled Laws* as measures of school quality and effectiveness of school programs and operations.

Assessment tools are usually designed for a specific purpose. The Department developed the MEAP tests to provide data to school districts for improving their instructional programs. Although MEAP may relate to certain elements of Board-approved accreditation standards, the Department's substantial reliance on MEAP may not be a reasonable use of the test. The Department's decision to use the MEAP test results for school building accreditation should be based on an evaluation of MEAP's applicability and the level of reliance that will be placed on it.

Regarding the Department's substantial use of MEAP test results, our review disclosed several factors that may need to be considered in determining the reasonableness of placing a high level of reliance on MEAP test results to accredit school buildings. These factors include:

- a. MEAP test results represented a relatively small percentage of students in the school building and of the core academic classes taught in the school building during the school year.

Elementary schools usually consist of kindergarten through grade 5, middle schools usually consist of grades 6 through 8, and high schools usually consist of grades 9 through 12. The MEAP test is annually administered to students in only grades 4, 5, 7, 8, and 11. Therefore, test results for elementary schools represent students in only two (33%) of the schools' six grades and only 17% of the core academic classes taught during the school year. MEAP test results for high schools represent students in only one (25%) of the

schools' four grades and 25% of the core academic classes taught during the school year.

Also, a number of students in the grades in which the MEAP test is administered often did not take the test, particularly high school students. For example, participation rates on the school year 1998-99 MEAP high school test for the high schools that we visited during a recent audit of MEAP ranged from 8% to 100% with a Statewide average participation rate of 68%. The Department has stated that the Michigan Merit Award Scholarship Program should result in increased participation rates on the MEAP high school test.

Regardless of any increase in MEAP test participation rates as a result of the scholarship program, the test results represent a relatively small percentage of students in the elementary and high school buildings.

- b. MEAP test results included students who had identified factors that impeded their performance on the test.

Administrators at 3 of the 25 school buildings that we visited informed us that their buildings had a significant number of students with limited English speaking abilities. They informed us that including these students' MEAP test results to determine their buildings' accreditation levels resulted in an inaccurate indication of the buildings' student academic skills and knowledge. The administrators said that they disagreed with MEAP that two years of English provided sufficient understanding for students to perform effectively on the MEAP test.

Administrators at 4 of the 25 school buildings that we visited informed us that their buildings had a number of students with learning disabilities who did not meet the Department's criteria for designation as learning impaired. Therefore, these students' MEAP test results were included for purposes of determining the buildings' accreditation levels.

Including the MEAP test results of students who have conditions that impede test performance most likely has a negative impact on the buildings' MEAP test results and, therefore, the propriety of this practice for purposes of determining school building accreditation levels may be questionable.

- c. MEAP test results did not take into account student mobility.

MEAP test results of students transferring to a new school building are included in the overall test results for the school building even though another school building and/or school district may have provided much of the students' academic instruction. Administrators at several school buildings that we visited, who reported higher-than-average student mobility rates, informed us that they did not have sufficient time to work with certain students transferring into their school before MEAP testing. The propriety of holding such school buildings accountable for the MEAP test results of students who have received much of their academic instruction from another school may be questionable for purposes of determining school building accreditation levels.

RECOMMENDATION

We recommend that the Department assess the reasonableness of placing a high level of reliance on MEAP test results for determining school building accreditation levels.

AGENCY PRELIMINARY RESPONSE

The Department agreed with the recommendation and informed us that it will review the reasonableness of MEAP as a part of the accreditation system. The Department will request the State Board of Education to approve new policies designed to maximize the participation of special education and English language learners. Schools will receive disaggregated reports of student achievement by gender, race, disability, and English proficiency. Also, the Department has initiated a study of the role of mobility in student achievement, particularly as it relates to MEAP. Further, the Department is examining the "value added" approach, which measures improvement in student achievement over time. This work will help to evaluate the role of mobility in the accreditation system.

FINDING

4. Compliance With Accreditation Statutes and Established Process

The Department did not accredit school buildings and report such accreditation in compliance with statute and the Department's established process.

Section 380.1280 of the *Michigan Compiled Laws* required the Department to develop and implement a process for accrediting school buildings. This statute defines "accredited" as certified by the State Board of Education as having met or exceeded Board-approved standards established for six areas of school operation: administration and school organization, curricula, staff, school plant and facilities, school and community relations, and school improvement plans and student performance. Also, the statute states that the building-level evaluation used in the accreditation process shall include, but not be limited to, school data collection, self-study, visitation and validation, determination of performance data to be used, and the development of a school improvement plan. Further, the statute requires that the standards for accreditation include, but not be based solely on, student performance on MEAP tests.

The statute established two levels of accreditation (summary and interim). The statute requires that, if a school building has not met the standards for summary accreditation and is not eligible for interim status, the school is unaccredited and subject to Department monitoring and receipt of technical assistance. The statute also makes a school building that has been unaccredited for 3 consecutive years subject to one or more of the following measures, as determined by the Superintendent of Public Instruction:

- (1) The Superintendent shall appoint, at the expense of the affected school district, an administrator of the school building until the building becomes accredited.
- (2) A parent or legal guardian of a child who attends the school building may send his or her child to any accredited public school building with an appropriate grade level within the school district.
- (3) The school building, with the approval of the Superintendent, shall align itself with an existing research-based school improvement model or establish an affiliation with a college or university located in the State for providing assistance to the school building.
- (4) The school building shall be closed.

In addition, the statute states that the Department shall evaluate the school accreditation program and the status of school buildings and submit an annual

report based upon the evaluation to the Senate and House education committees. The report shall address the reasons each unaccredited school building was not accredited and recommend legislative action that will result in the accreditation of all public school buildings in the State.

Pursuant to the statute, the Department developed and implemented a school building accreditation process in 1993. The process included an annual determination of the accreditation level of each school building, based on student performance on the prior three years' MEAP tests and the school building's reported self-assessment of compliance with 109 items that the Department identified from Sections 380.1 - 380.1853 of the *Michigan Compiled Laws* as measures of school quality and effectiveness of school programs and operations. The three accreditation levels and their criteria were:

Accreditation Level	Criteria
Summary	The building is in full compliance with 109 statutory requirements and at least 66% of its students tested meet or exceed State standards in each of four MEAP subjects tested in two of the last three consecutive years.
Interim	The building may or may not be in compliance with 109 statutory requirements and more than 50% of its students tested meet or exceed State standards in at least one MEAP subject tested during any of the last three consecutive years.
Unaccredited	The building may or may not be in compliance with 109 statutory requirements and 50% or less of its students tested meet or exceed State standards in all of the four MEAP subjects tested during all of the last three consecutive years.

Beginning with school year 1997-98, the Department inappropriately based the annual determination of school building accreditation levels solely on student MEAP test results.

The accreditation process is important not only for purposes of identifying low-achieving school buildings and initiating technical assistance, but also was reported by school districts in their Annual Educational Reports as an indicator of school

quality. In addition, the Department reports accreditation levels on its web site as one element of the Michigan School Report.

Our review of the school building accreditation process disclosed:

- a. The Department's accreditation of school buildings based solely on student MEAP test results was not in compliance with the statute.

In school year 1995-96, the Department's accreditation process required school buildings to report on their self-assessment of compliance with the 109 school quality and effectiveness items. For school year 1995-96, the Department denied summary accreditation levels to school buildings that reported noncompliance with any of the 109 items. Program administrators informed us that in school year 1996-97, every school building in the State reported total compliance with all of the 109 school quality and effectiveness items.

With all of the school buildings in the State reporting total compliance with all 109 items, the Department recognized the questionable value of this component of the assessment process. In September 1997, the State Board of Education consolidated the 109 school quality and effectiveness items into 10 broad standards with which school districts were to report their self-assessment of compliance. However, beginning in school year 1997-98, the Department did not request school buildings to self-report on compliance with these 10 standards and also terminated the requirement that school buildings report self-assessment with the 109 items.

As a result, the Department has based school building accreditation solely on MEAP test results, which may be inequitable and was not in compliance with the statute.

- b. The Department did not accurately report the annual accreditation level of certain elementary and middle school buildings in accordance with established criteria.

The Department's accreditation process annually determines and reports individual school building accreditation levels. However, the Department did not reclassify a school building to a lower accreditation level if the building's

student MEAP test results declined to a point at which the building no longer met the criteria for the current accreditation level. The Department continued to inaccurately report these school buildings at the higher accreditation level.

The following table shows, for the three most recent school years available, the number of elementary and middle school buildings by accreditation level as reported by the Department and the number of such buildings if the Department had determined and reported accreditation in accordance with established criteria:

Accreditation Level	School Year 1998-99(1)		School Year 1997-98		School Year 1996-97	
	Department Reported	Accreditation Criteria	Department Reported	Accreditation Criteria	Department Reported	Accreditation Criteria
Summary	346	(2)	304	90	289	127
Interim	2,718	(2)	2,253	2,444	2,287	2,430
Unaccredited	9	(2)	8	31	22	41

(1) Charter school buildings for which the Department had three years of MEAP test results were first included in school year 1998-99.

(2) Program administrators informed us that the Department did not determine this information for school year 1998-99.

As shown by the table, there were material differences in the number of school buildings, particularly for the summary and unaccredited categories, between the Department's reported accreditation levels and the actual levels based on established criteria.

As a result, the Department not only was in noncompliance with Section 380.1280 of the *Michigan Compiled Laws* in that it did not accurately report the accreditation levels for a number of school buildings, but the Department's process may not result in the accurate identification of those school buildings in need of technical assistance to help improve student performance on the MEAP test. Also, parents of students in the affected school buildings most likely were not made aware of the actual accreditation conditions in their school building.

- c. The Department did not update its accreditation of high school buildings.

Since school year 1996-97, the Department had not updated the accreditation levels of the approximately 800 high school buildings in the State that participated in the spring 1998 MEAP high school test. The Department

informed us that it had not updated high school accreditation levels because legislation effective in fiscal year 1997-98 required the Department to increase from three to four the number of scoring categories on the MEAP high school test. The Department stated that the increase in scoring categories precluded the Department from having three consecutive years of comparable student MEAP test results on which to base the determination of high school building accreditation levels. The Department expects to report updated high school building accreditation levels in its accreditation process for school year 1999-2000.

We recognize that the increase in the number of MEAP high school test scoring categories did not provide for optimal comparability between years. However, we question the propriety of completely terminating this important function for three years. It would appear that the use of a temporary, modified accreditation basis would have been warranted, rather than no accreditation for high schools. The modified accreditation basis could have included the use of MEAP high school test results to the extent possible and other criteria, such as that required in the statute. The use of a modified accreditation basis would still have provided compliance with the intent of the statute and, more importantly, been in the best interest of the schools.

- d. The Department did not submit an annual accreditation report to the Legislature.

For school years 1997-98 and 1998-99, the Department had not submitted the annual report on school building accreditation to the Senate and House education committees as required by statute.

The Department's compliance with statutory requirements and its established accreditation process would help ensure the accurate determination and reporting of school building accreditation levels for purposes of identifying low-achieving school buildings and providing technical assistance or other appropriate actions to help improve student academic achievement.

RECOMMENDATION

We recommend that Department accredit school buildings and report such accreditation in compliance with statute and the Department's established process.

AGENCY PRELIMINARY RESPONSE

The Department agreed with the recommendation and informed us that it will accredit school buildings and report such accreditation in compliance with statute and the Department's established system. The Department has started to develop a new accreditation system, in which MEAP will be one of several factors, that will require a year of transition. Accreditation status will be reported for school year 2002-03. With regard to the accreditation status of high schools (item c.), the Department has reviewed the changes to the MEAP high school assessments during the audit period and believes that, because of changes in the tests and the test scoring standards from year to year, the results were not comparable over the years and the use of the MEAP high school assessments was not appropriate to determine high school accreditation. Implementation of this recommendation will require additional resources.

EFFECTIVENESS IN ASSISTING IN DEVELOPING AND MAINTAINING HIGH QUALITY SCHOOLS AND EDUCATIONAL SYSTEMS

COMMENT

Audit Objective: To assess the Program's effectiveness in assisting in developing and maintaining high quality schools and educational systems.

Conclusion: We concluded that the Program was generally effective in assisting in developing and maintaining high quality schools and educational systems.

However, our assessment disclosed two reportable conditions related to technical assistance evaluation and administration and school improvement plan review.

FINDING

5. Technical Assistance Evaluation and Administration

The Department should evaluate the effectiveness of technical assistance provided to school buildings. Also, the Department should improve its administration of grants awarded to intermediate school district (ISD) consortiums for providing technical assistance to low-achieving school buildings.

Section 380.1280(10) of the *Michigan Compiled Laws* states that the Department and/or the ISD of which a school district is a member may provide technical

assistance to a school building that is low-achieving upon request of the board of the school district in which the school building is located. If requests to the Department for technical assistance exceed available resources, priority shall be given to unaccredited schools. School buildings that have been unaccredited for three consecutive years are subject to statutory sanctions, including closure.

Since fiscal year 1994-95, the Legislature has appropriated \$1.5 million annually for the Department to provide technical assistance to school buildings that the Department had determined to be low-achieving. The Department's objective for technical assistance is to increase the students' performance on the MEAP tests. School buildings' accreditation levels are determined annually based on MEAP test results of students in the school building who take the test. The Department awards annual grants to ISD consortiums to provide the technical assistance to school buildings. The ISD consortiums were formed by the combination of individual ISDs for the purpose of providing technical assistance services to school buildings. During school years 1998-99, 1997-98 and 1996-97, the consortiums provided technical assistance to 291, 291, and 289 school buildings, respectively. Examples of technical assistance provided by the consortiums included MEAP assessment analysis, on-site monitoring, curriculum assessment, and teacher workshops.

Our review of technical assistance and discussions with administrators of 3 ISD consortiums and 17 school buildings disclosed:

- a. The Department had not evaluated the effectiveness of technical assistance provided to school buildings.

The Department's grants to ISD consortiums for fiscal years 1997-98 and 1998-99 included a requirement that grantees provide for an evaluation of the effectiveness of services provided. Our review of the evaluations indicated that the evaluators provided a compilation of the services provided to the school buildings and the opinions of the school building staff as to the effectiveness of the services provided based on survey responses of school buildings served. The evaluators did not perform an assessment of the effectiveness of services provided by collecting data on previously identified performance indicators* and measuring such data relative to identified

* See glossary at end of report for definition.

performance standards* to determine whether the services resulted in desired outcomes.

The Legislature and the Governor have required in various appropriations acts and Executive Directive No. 1996-1 that State programs use continuous quality improvement* processes to manage the use of limited State resources.

Also, in Executive Directive No. 2001-3, which rescinded Executive Directive No. 1996-1 effective June 8, 2001, the Governor stated that it was his goal to increase efforts toward continuous improvement and directed department and agency heads to actively support the State's Quality Recognition System and ensure the implementation of quality and customer service management techniques. Administrative staff at all of the school buildings that we visited that had or were currently receiving technical assistance commented favorably on the effectiveness of the assistance provided by the ISD consortiums.

Because the technical assistance grant is relatively small in comparison with a number of other Department programs, we would not expect an extensive process for evaluating effectiveness. However, the provision of technical assistance is very important to a number of schools throughout the State. Therefore, it would appear that an evaluation process to determine the effectiveness of technical assistance provided and any resulting changes to this assistance would not only improve the Department's administration of the technical assistance function, but, more importantly, would help to improve the assistance provided to the schools. Further, positive evaluation results may be useful if the Department were to request additional resources for the technical assistance program.

- b. Technical assistance may need to be continued to school buildings after the building achieves a satisfactory accreditation level.

Prior to the discontinuation of technical assistance to a school building, a determination was not made as to whether the improvement in student MEAP test results was the result of systemic instructional improvements related to the technical assistance or a temporary increase in student performance. In addition, school district administrators indicated that it may be beneficial to provide technical assistance to buildings following the achievement of a

* See glossary at end of report for definition.

satisfactory accreditation level until it can be determined that the assistance had a sustained effect on the building's student MEAP test performance.

- c. The Department did not award school year 1998-99 technical assistance grants on a timely basis.

Because of limited personnel to review and approve technical assistance grant applications, the Department did not provide technical assistance grants to ISD consortiums until March 1999, at which point the school year was approximately 75% completed. The late awarding of the grants led to the discontinuation of technical assistance to some school buildings that did not have other resources available to purchase the assistance services previously provided by the ISD consortiums.

Evaluating technical assistance effectiveness and improving related grant administration should help to improve overall technical assistance provided to low-achieving school buildings.

RECOMMENDATIONS

We recommend that the Department evaluate the effectiveness of technical assistance provided to school buildings.

We also recommend that the Department improve its administration of grants awarded to ISD consortiums for providing technical assistance to low-achieving school buildings.

AGENCY PRELIMINARY RESPONSE

The Department agreed with the recommendations and informed us that it has begun implementation. The Department informed us that it has developed a consistent data collection process for school year 2000-01 technical assistance grants. The Department plans to use this data to modify the criteria for technical assistance grants in the future. Also, the Department concurs that technical assistance may need to be continued after a school building has made some improvements and will ask grantees to make two-year coaching assignments beginning for school year 2001-02. In addition, the Department informed us that it has improved its administration of technical assistance grants and stated that the grant award was made on a timely basis for school year 2000-01.

FINDING

6. School Improvement Plan Review

The Department did not annually review school improvement plans and submit a report to the Legislature as required by statute.

Section 380.1277(1) of the *Michigan Compiled Laws* requires that school districts wanting accreditation develop and implement a three-year to five-year school improvement plan and continuing school improvement process for each school within the school district. School improvement plans describe the school district's overall goals to ensure that the school district's leadership sets standards for itself and takes responsibility for the future of the school district's success. The plans are to include significant information such as: a mission statement, goals for all students based on academic objectives, curriculum alignment corresponding with those goals, evaluation processes, staff development, the role of adult and community education, building-level decision making, methods for integrating technology into the curriculum, and alternative measures for assessing student achievements.

Section 380.1277(4) of the *Michigan Compiled Laws* requires that the Department annually review a random sampling of school improvement plans to determine whether school districts are making progress in developing and implementing the plans. The statute further requires that, based on the review, the Department annually submit to the Senate and House education committees a report on school improvement activities planned and accomplished by each school district in the sample. The Department had not conducted the required review of school improvement plans and submitted a report to the Legislature since school year 1996-97.

For the most recent review (performed during school year 1996-97), the Department visited 104 randomly selected schools in 41 school districts and 13 ISDs to collect data on statutory requirements implemented in the prior years, including school improvement plans. The Department's report on its review of the school improvement plans concluded:

Visits indicated that several districts could not document their plans relative to Section 1277 in the following areas: the role of adult and community education, development of adult roles, a determination of whether or not the existing curriculum is

providing pupils with the education and skills needed to fulfill those adult roles, identification of changes that must be made in order to provide graduates with the needed skills and education, specific recommendations for implementing those curriculum changes, and the development of alternative assessment measures that will provide authentic assessment of skills, competencies, and achievement. Technical assistance was provided by staff of the School Development Unit to the districts not complying with all provisions of Section 1277. However, much more assistance is required than was able to be provided during this site visit.

Department review of school improvement plans and reporting the results of the review to the legislative education committees not only comply with the statutes, but, more importantly, help to ensure that school districts continue to set standards and improve the performance of their students.

RECOMMENDATION

We recommend that the Department annually review school improvement plans and submit a report to the Legislature as required by statute.

AGENCY PRELIMINARY RESPONSE

The Department agreed with the recommendation and informed us that it is developing a web-based school improvement template that will enable it to comply with the recommendation in the future.

Glossary of Acronyms and Terms

continuous quality improvement	A system that defines the vision and mission of an organization and focuses on the needs and expectations of internal and external customers. It normally includes performance indicators and performance standards for measuring outputs and outcomes, the collection of data to measure performance in relation to the standards, and the use of the data to make modifications to improve program effectiveness and efficiency. It has an underlying philosophy that is team oriented and open to making changes on a continuous basis to improve processes.
District Student Retention Report	A report developed by the Department of Education intended to comply with Section 388.1608(2) of the <i>Michigan Compiled Laws</i> , which is also known as the District Membership Retention Report and statutorially as the District Pupil Retention Report.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical for the amount of resources applied or minimizing the amount of resources required to attain a certain level of outputs or outcomes.
ISD	intermediate school district.
material condition	A serious reportable condition that could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the opinion of an interested person concerning the effectiveness and efficiency of the program.

Michigan Educational Assessment Program (MEAP)

Statewide standardized curricula-specific tests given to students at certain grade levels that are designed to measure selected essential performance objectives. MEAP for high school students has recently undergone changes because of 1997 legislation and was renamed the Michigan Educational Assessment Program High School Tests (MEAP HST).

Michigan School Report

A report developed by the Department of Education and local school districts, in conjunction with Michigan Business Leaders for Education Excellence, to provide citizens with a "consumer's guide" for their local school districts. The report presents basic data about school buildings and school districts submitted to the Department from Michigan school districts. Annual data is updated and reported every May.

mission

The agency's main purpose or the reason that the agency was established.

outcomes

The actual impacts of the program. Outcomes should positively impact the purpose for which the program was established.

outputs

The products or services produced by the program. The program assumes that producing its outputs will result in favorable program outcomes.

performance audit

An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.

performance indicators

Information of a quantitative or qualitative nature indicating program outcomes, outputs, or inputs. Performance indicators are typically used to assess achievement of goals and/or objectives.

performance standards

A desired level of output or outcome as identified in statutes, regulations, contracts, management goals, industry practices, peer groups, or historical performance.

reportable condition

A matter coming to the auditor's attention that, in the auditor's judgment, should be communicated because it represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.

School Restructuring and Accountability Program

A program supporting local school improvement through the development and promulgation of challenging performance and process standards, systems of support and accountability, and expectations for continuous progress toward elevating the achievement of all Michigan students.