



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

Audit report information can be accessed at:

<http://audgen.michigan.gov>



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Assistance to High Priority Schools
Office of School Improvement
Michigan Department of Education

Report Number:
313-0201-08

Released:
May 2010

The Michigan Department of Education (MDE) identified 383 schools as high priority from the 2007-08 assessment tests. This consisted of 138 Title I schools and 245 non-Title I schools. From school year 2004-05 through school year 2008-09, MDE made Title I payments of \$67.6 million to local school districts, intermediate school districts, and the Michigan Association of Intermediate School Administrators to assist Title I high priority schools meet adequate yearly progress (AYP).

Audit Objective:

To assess the effectiveness of MDE's efforts to assist high priority schools in making AYP.

Audit Conclusion:

We concluded that MDE was moderately effective in assisting high priority elementary and middle schools to make AYP, but its efforts were not effective in assisting high priority high schools. We noted one material condition (Finding 1) and one reportable condition (Finding 2).

Material Condition:

MDE did not sufficiently evaluate the impact of its support initiatives provided to high priority schools. In addition, MDE did not modify support initiatives that were not having a positive effect on high priority high schools. As a result, MDE could not determine the effectiveness of its support initiatives and did not modify its support initiatives developed to improve student academic achievement and to assist high priority schools in achieving AYP. (Finding 1)

Reportable Condition:

MDE did not award Regional Assistance Grants to its subrecipients in a timely manner. As a result of the MDE's delays in awarding grants, the subrecipient's ability to plan and use these funds to improve student achievement was negatively affected. (Finding 2)

~ ~ ~ ~ ~

Audit Objective:

To assess the effectiveness of MDE's efforts to monitor its subrecipients that provided assistance to high priority schools.

Audit Conclusion:

We concluded that MDE was not effective in monitoring its subrecipients that provided assistance to high priority schools. We noted two material conditions (Findings 3 and 4) and one reportable condition (Finding 5).

Material Conditions:

MDE did not monitor its subrecipient that developed and implemented training and

support initiatives for high priority schools. As a result, MDE could not ensure that the subrecipient provided agreed-upon services to high priority schools or complied with State and federal program requirements. (Finding 3)

MDE did not sufficiently monitor its subrecipients' school improvement efforts at high priority schools. Without sufficient monitoring, MDE could not ensure that intermediate school districts and local school districts provided the approved school improvement services funded with Title I grants. (Finding 4)

Reportable Condition:

MDE did not comply with required State purchasing procedures for procuring professional and information technology services. As a result, MDE could not ensure that it obtained professional and information technology services from the most qualified vendor at the most competitive cost. (Finding 5)

Agency Response:

Our audit report contains 5 findings and 6 corresponding recommendations. MDE agrees with 4 findings and partially agrees with 1 finding.

~ ~ ~ ~ ~ ~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
201 N. WASHINGTON SQUARE
LANSING, MICHIGAN 48913
(517) 334-8050
FAX (517) 334-8079

THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

May 7, 2010

Mr. Michael P. Flanagan
Superintendent of Public Instruction
and
Mrs. Kathleen N. Straus, President
State Board of Education
John A. Hannah Building
Lansing, Michigan

Dear Mr. Flanagan and Mrs. Straus:

This is our report on the performance audit of Assistance to High Priority Schools, Office of School Improvement, Michigan Department of Education.

This report contains our report summary; description of assistance to high priority schools; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; various exhibits, presented as supplemental information; 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 agency's response subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency 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

TABLE OF CONTENTS

ASSISTANCE TO HIGH PRIORITY SCHOOLS OFFICE OF SCHOOL IMPROVEMENT MICHIGAN DEPARTMENT OF EDUCATION

	<u>Page</u>
INTRODUCTION	
Report Summary	1
Report Letter	3
Description of Assistance to High Priority Schools	7
Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up	10
COMMENTS, FINDINGS, RECOMMENDATIONS, AND AGENCY PRELIMINARY RESPONSES	
Effectiveness of Efforts to Assist High Priority Schools Make Adequate Yearly Progress	14
1. Evaluating Impact of Support Initiatives	16
2. Timeliness of Regional Assistance Grants	19
Effectiveness of Efforts to Monitor Subrecipients That Provided Assistance to High Priority Schools	21
3. Monitoring of Subrecipient (MAISA) Activities	21
4. Monitoring of Assistance Provided to High Priority Schools	25
5. Compliance With Purchasing Procedures	28

SUPPLEMENTAL INFORMATION

Exhibit 1 - Percent of High Priority Schools That Showed Improvement	32
Exhibit 2 - Comparison of Title I and Non-Title I High Priority Schools Change in the Percent of Students Proficient in Mathematics and English Language Arts (ELA)	33
Exhibit 3 - Title I School Improvement Grant Payments to Assist High Priority Schools	34
Exhibit 4 - Michigan Annual Adequate Yearly Progress (AYP) Objectives and Results	35
Exhibit 5 - Number of Title I and Non-Title I Schools and Number of High Priority Title I and Non-Title I Schools	36
Exhibit 6 - Number of High Priority Schools by Type of School	37
Exhibit 7 - Consequences and Support for High Priority Schools - Title I and Non-Title I	38
Exhibit 8 - Analysis of the Change in the Percent of Students Proficient in the Mathematics and ELA Assessments for High Priority Schools That Failed AYP Based on "All Students" Subgroup	40

GLOSSARY

Glossary of Acronyms and Terms	42
--------------------------------	----

Description of Assistance to High Priority Schools

A high priority school* is any Michigan public school* that has not made adequate yearly progress* (AYP) for two or more consecutive years and is in a phase of improvement. The federal No Child Left Behind (NCLB) Act of 2001* requires each state to establish a system of intensive and sustained support of school improvement for local educational agencies* not making AYP that receive Title I*, Part A, Improving Basic Programs Operated by Local Educational Agencies federal funds. Title I provides additional federal grants for local school districts with schools that are classified as high priority.

Local boards of education and local school districts' superintendents of schools supervise the legal, fiduciary, and educational responsibilities of the districts' schools. Local school districts have the primary responsibility to implement school improvement efforts. The Michigan Department of Education (MDE) provided Title I federally funded school improvement grants to local school districts for local school building initiatives, such as professional development for teachers. Local school districts determine which school buildings within their district are classified as Title I and consequently will receive Title I funds designated to support school improvement initiatives. The local school districts had the ability to tailor activities to address specific weaknesses of each high priority school within federal requirements. Therefore, high priority schools may have implemented several different school improvement initiatives.

MDE's Office of School Improvement assists high priority schools by promoting support initiatives that have an impact on teaching, student learning, school leadership, and continuous school improvement. MDE partnered with intermediate school districts (ISDs) and others to provide support initiatives for local school districts.

MDE awarded Title I regional assistance grants to ISDs for coordinating services and promoting regional guidance to Title I high priority schools. MDE awarded a grant to the Michigan Association of Intermediate School Administrators (MAISA) to develop additional support initiatives that were only available to Title I high priority schools. Exhibits 3 and 7 provide annual costs and detailed support initiatives provided to Title I schools* and non-Title I schools*.

* See glossary at end of report for definition.

MDE's support initiatives for high priority Title I schools included:

- Process mentor teams that spent four to eight one-day visits per year to each school building to focus on accountability for student achievement, removing barriers preventing change, and creating a sense of urgency to improve instruction.
- Regional Assistance Grants provided to ISDs to coordinate regional support initiatives and guidance and to provide support to Title I local school improvement plans.
- School improvement grants provided to local school districts to support school building level initiatives related to each school building's improvement plans.
- Leadership coaches provided for 100 days in each school to help the principal strengthen skills and broaden leadership skills to improve student achievement.
- Michigan State University provided training for principals and coaches focusing on instructional leadership skills.
- The North Central Association Commission on Accreditation and School Improvement provided a high priority school audit* of each school to collect data regarding the Michigan School Improvement Framework to help identify each school's strengths and weaknesses.

MDE's support initiatives for both Title I and non-Title I schools included:

- A school improvement framework Web site accessible booklet developed to assist schools in identifying their key factors in the school environment that characterize high performing schools and to provide the guiding principles for developing, supporting, and enhancing school improvement plans.
- A comprehensive school needs analysis Web site accessible booklet developed to be used as a tool to assist school staff in determining the strengths and challenges

* See glossary at end of report for definition.

of their school using school information, student data, as well as the system processes and protocols to support student academic achievement.

- A draft comprehensive district needs analysis Web site accessible booklet developed to assist district staff in determining strengths and challenges of the district.
- Several aligned curriculum and support for the curriculum Web site accessible booklets on content expectations to be used as a guide for development of the curriculum and assessment of learning.
- A Michigan curriculum framework Web site accessible booklet developed to help the State's schools design, implement, and assess their core content area curricula.
- A school improvement plan template to help the school identify its plan for achieving AYP success.

As of the 2007-08 school year, MDE classified 383 schools (10.2%) of the State's 3,762 schools as high priority. This consisted of 138 Title I schools and 245 non-Title I schools (see Exhibit 5). From school year 2004-05 through school year 2008-09, MDE made Title I payments of \$67.6 million (see Exhibit 3) to local school districts, ISDs, and MAISA to assist Title I high priority schools. There were 1,648,842 public school students, 839 local school districts, and 57 ISDs in Michigan during school year 2007-08.

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit* of Assistance to High Priority Schools, Office of School Improvement, Michigan Department of Education (MDE), had the following audit objectives:

1. To assess the effectiveness* of MDE's efforts to assist high priority schools in making adequate yearly progress (AYP).
2. To assess the effectiveness of MDE's efforts to monitor its subrecipients* that provided assistance to high priority schools.

Audit Scope

Our audit scope was to examine the program and other records related to the Michigan Department of Education's efforts to monitor and assist high priority schools to meet adequate yearly progress. We conducted this performance audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our preliminary review, conducted from June through October 2008, and our audit procedures, conducted from January through July 2009, generally covered the period October 1, 2005 through October 31, 2008.

As part of our audit, we compiled supplemental information about the high priority schools based on information obtained from MDE. Our audit was not directed toward expressing a conclusion on the supplemental information and, accordingly, we express no conclusion on it.

Audit Methodology

We conducted a preliminary review of MDE's operations to formulate a basis for defining the audit objectives and scope. Our preliminary review included a review of

* See glossary at end of report for definition.

applicable federal and State laws and regulations; policies and procedures; other reference materials; selected files, records, and school districts' AYP status; and Michigan Educational Assessment Program* (MEAP) and Michigan Merit Exam* (MME) data. We interviewed personnel responsible for administering the school improvement programs, for measuring and reporting student achievement data, and for providing assistance to high priority schools. We reviewed MDE's grant agreements with the Michigan Association of Intermediate School Administrators (MAISA), intermediate school districts (ISDs), regional educational service agencies (RESAs), and local school districts to obtain an understanding of the funding and services provided to high priority schools. See Exhibit 7 for the various support services offered by MDE during the audit period. We visited one ISD, one RESA, and one high priority school.

To assess the effectiveness of MDE's efforts to assist high priority schools in making AYP, we examined MDE's evaluation efforts and records to determine how MDE evaluates the effectiveness of its programs. We also reviewed mentor team reports and MAISA reports to determine whether MDE obtained sufficient documentation to assess the reasonableness of the school improvement efforts at the high priority schools. In addition, we obtained and compiled data on schools that made sufficient improvements so as not to be considered high priority. We also compiled MEAP and MME proficiency percentages in English language arts* and mathematics by school building to identify incremental changes in student academic achievement for high priority schools that failed AYP in the category "all students."

To assess the effectiveness of MDE's efforts to monitor its subrecipients that provided assistance to high priority schools, we reviewed documentation from 23 of the 138 Title I schools that did not meet the Michigan annual AYP objectives from school years 2006-07 through 2008-09. We determined MDE's efforts to monitor grantee-provided assistance to schools and to verify required school district funding set-asides for transporting students to other schools and for supplemental education services. We reviewed MDE's grant agreements with MAISA, ISDs, and RESAs to determine if services provided were in compliance with the agreements and to identify grantee reporting requirements. We reviewed grantee agreement requirements and the final reporting of results of MDE's school improvement initiatives for the Principal Fellowship and Leadership Coaches Institute training programs, high priority school audits, and process mentor teams.

* See glossary at end of report for definition.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

Agency Responses and Prior Audit Follow-Up

Our audit report includes 5 findings and 6 corresponding recommendations. MDE agrees with 4 findings and partially agrees with 1 finding.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require MDE to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

Within the scope of this audit, we followed up 1 of 7 prior audit recommendations from our November 2001 performance audit of the School Restructuring and Accountability Program, Department of Education and Center for Educational Performance and Information* (31-201-00). MDE did not comply with the recommendation included within the scope of our current audit. The audit recommendation was rewritten for inclusion in this report.

* See glossary at end of report for definition.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

EFFECTIVENESS OF EFFORTS TO ASSIST HIGH PRIORITY SCHOOLS MAKE ADEQUATE YEARLY PROGRESS

COMMENT

Background: The Michigan Department of Education (MDE) evaluates school improvement by measuring student academic achievement using Statewide assessment tests (Michigan Educational Assessment Program [MEAP] and Michigan Merit Exam [MME]). Schools have to meet Statewide targets (see Exhibit 4) for the percentage of students classified as proficient to make adequate yearly progress (AYP). High priority schools must make AYP for two consecutive years to be no longer considered high priority.

While MDE had made available several support initiatives to all schools, MDE could provide the federally funded support initiatives (mentor teams, leadership coaches, audits, and regional assistance and school improvement grants) only to high priority schools classified as Title I by the local school district (see Exhibit 7).

Our audit conclusion regarding the effectiveness of MDE's efforts is based on a comparison of the improvement in student proficiency between Title I and non-Title I schools. We defined school improvement to be the percentage of high priority schools that make AYP in one or two years. In addition, for the schools that did not show sufficient improvement in student proficiency levels to make AYP, we compiled the incremental increases and decreases in student proficiency rates in English language arts (ELA) and mathematics for a select group of high priority schools to determine if MDE's indirect and direct support initiatives had a positive impact on student proficiency rates (see Exhibit 8). We acknowledge that there are additional influences that may affect increases or decreases in student proficiency, such as parental involvement and socio-economic factors. We did not attempt to isolate the effect of these influences on the increases and decreases in student proficiency in our evaluation.

Audit Objective: To assess the effectiveness of MDE's efforts to assist high priority schools in making AYP.

Audit Conclusion: We concluded that MDE was moderately effective in assisting high priority elementary and middle schools to make AYP, but its efforts were not effective in assisting high priority high schools.

As shown in the following table and in Exhibit 1, the percentage of Title I high priority schools that made improvement was greater than the percentage of non-Title I schools for elementary and middle schools but not for high schools.

	Title I Schools	Non-Title I Schools
Percent of high priority elementary schools that showed improvement by making AYP:		
For one year (2006-07) or two consecutive years (2005-06 and 2006-07)	39.6%	0.0%
For one year (2007-08) or two consecutive years (2006-07 and 2007-08)	57.8%	36.4%
Percent of high priority middle schools that showed improvement by making AYP:		
For one year (2006-07) or two consecutive years (2005-06 and 2006-07)	54.2%	50.0%
For one year (2007-08) or two consecutive years (2006-07 and 2007-08)	37.5%	25.0%
Percent of high priority high schools that showed improvement by making AYP:		
For one year (2006-07) or two consecutive years (2005-06 and 2006-07)	6.1%	17.2%
For one year (2007-08) or two consecutive years (2006-07 and 2007-08)	3.2%	16.5%

We also compiled data (see Exhibits 2 and 8) on the incremental gains or losses in student proficiency rates for elementary, middle, and high schools that failed AYP in the "all students" category by Title I and non-Title I schools. While the data shows a greater increase in percentage of students proficient for Title I compared to non-Title I elementary and middle schools, this is not true for high schools.

Our exhibits reflect multiple schools' student proficiency rates. However, we noted that some high priority middle and high schools that received MDE support initiatives declined in proficiency rates (see Exhibit 8). A more detailed analysis by individual schools may provide MDE with additional information to determine whether its various support initiatives are impacting student proficiency levels at different schools.

Our review disclosed one material condition*. MDE did not sufficiently evaluate the impact of its support initiatives provided to high priority schools. In addition, MDE

* See glossary at end of report for definition.

did not modify support initiatives that were not having a positive effect at high priority high schools. (Finding 1)

Our review also disclosed one reportable condition* related to the timeliness of Regional Assistance Grants (Finding 2).

FINDING

1. Evaluating Impact of Support Initiatives

MDE did not sufficiently evaluate the impact of its support initiatives provided to high priority schools. In addition, MDE did not modify support initiatives that were not having a positive effect at high priority high schools. As a result, MDE could not determine the effectiveness of its support initiatives and did not modify its support initiatives developed to improve student academic achievement and to assist high priority schools in achieving AYP. MDE spent \$67.6 million on its support initiatives from fiscal year 2004-05 through fiscal year 2008-09.

Periodic evaluation of the outcomes of individual support initiatives allows MDE and school districts to make decisions on the impact and sustainability of individual support initiatives implemented to improve student achievement in high priority schools. This evaluation would provide MDE with a basis for modifying its support initiatives when outcome data indicates academic performance is not improving.

MDE's support initiatives (see Exhibits 3 and 7) served as its approach for assisting high priority schools in improving student academic achievement and in making AYP Statewide target objectives (see Exhibit 4).

MDE provided Title I awards to the local school districts to assist high priority schools in achieving AYP. MDE provided these direct grants to local school districts to allow local school administrators to determine the specific initiatives that would be the most effective for their schools in improving student proficiency rates. In addition, MDE formed a partnership with the Michigan Association of Intermediate School Administrators (MAISA) and intermediate school districts (ISDs) to administer and coordinate the technical assistance to Title I high priority schools. Activities funded with these grants include a two-week principal fellowship

* See glossary at end of report for definition.

training; school building level program audits to identify schools' strengths and weaknesses; process mentors to assist schools in monitoring improvement in student achievement; and coaches to assist school principals in implementing school improvement plans.

Our review noted:

- a. MDE did not analyze student achievement data in evaluating the impact of its various support initiatives. For example, MDE could have examined the year-to-year changes in student achievement on the State achievement tests (MEAP/MME) and evaluated whether individual school achievement improved after receiving various support initiatives. MDE could use the evaluation results to better direct its resources on services with proven success. MDE informed us that it reviewed MEAP/MME data for high priority schools but did not prepare a formal evaluation of the results or conclusions. Exhibits 2 and 8 are examples of a comparison of Title I and non-Title I student proficiency rate changes using MEAP/MME data for high priority schools.
- b. MDE did not modify support initiatives directed at high schools that were not having a positive effect on student proficiency rates. As a result, high priority high schools' student proficiency rates did not improve when compared to non-Title I high school proficiency rates.

We compiled data (see Exhibits 2 and 8) on the incremental gains or losses in student proficiency rates for high schools that failed AYP in the "all students" category by Title I and non-Title I schools. Title I schools received MDE support initiatives, while non-Title I schools did not receive support initiatives. The data reflects that Title I high schools did not have a greater increase in the percentage of students considered proficient compared to non-Title I high schools. Based on this data, MDE should have modified its support initiatives directed at high priority high schools to achieve its goal of improving student proficiency rates.

- c. MDE had not created and maintained individual school files summarizing by year the specific support initiatives that the school had received. Creating and maintaining individual school files with a history of the support initiatives received would provide MDE with historical information necessary to

periodically evaluate the impact of various support initiatives. For example, MDE could include high priority schools' audit reports, process mentor reports, and school improvement grants in each school's file.

- d. MDE had not completed any evaluation of the effectiveness of the support initiatives provided by its primary subrecipient (MAISA) that was responsible for providing those initiatives. MDE's grant agreement with the subrecipient specifically required an evaluation of the activities provided by the subrecipient to determine the impact on student achievement and sustainability.

RECOMMENDATIONS

We recommend that MDE sufficiently evaluate the impact of its support initiatives provided to high priority schools.

We also recommend that MDE modify support initiatives that are not having a positive effect at high priority high schools.

AGENCY PRELIMINARY RESPONSE

MDE agrees with parts a., c., and d. of the finding and disagrees with part b.

Part a. MDE agrees. MDE informed us that while it conducted an informal evaluation of impact as data became available, it is currently engaged in an extensive three-year evaluation of the effectiveness of all initiatives in the Statewide system of support with an external evaluator.

Part b. MDE disagrees. MDE informed us that it believes that there is not a one-to-one correlation between services provided and academic achievement; the issue is more complex. MDE has continuously changed the supports offered to high priority schools over the five years of this audit period. MDE informed us that academic progress at the high school level is harder to demonstrate because the students, unlike elementary and middle school students, are only assessed one time (eleventh grade) in high school so the "progress" actually assesses entirely different students from year to year.

Part c. MDE agrees. MDE informed us that limited funding and staffing have impeded MDE in its development of extensive, individual school data files

and profiles, supports to struggling schools, and its ability to reflect on and analyze the effectiveness of those supports.

Part d. MDE agrees. Lack of staffing at MDE contributed to weak oversight of the grant to MAISA.

OFFICE OF THE AUDITOR GENERAL EPILOGUE

As noted in the background section on page 14, we acknowledge that there are additional influences that may affect increases or decreases in student proficiency. The audit report does not suggest that academic progress at the high school level should be a one-to-one correlation with services provided. Exhibits 2 and 8 present evidence that high schools that received MDE's support initiatives demonstrated little to no progress compared to a control group of high schools that received no support initiatives. MDE had not collected data to demonstrate which support initiatives were having a positive impact on high schools. MDE annually made changes in its support initiatives without evaluating the outcomes of the current support initiatives or documenting how the changes in its support initiatives offered were directed at improving high school academic performance.

FINDING

2. Timeliness of Regional Assistance Grants

MDE did not award Regional Assistance Grants to its subrecipients in a timely manner. As a result of MDE's delays in awarding grants, the subrecipient's ability to plan and use these funds to improve student achievement was negatively affected. MDE awarded 15 Regional Assistance Grants totaling \$14.4 million in fiscal year 2006-07 and 18 Regional Assistance Grants totaling \$19.4 million in fiscal year 2007-08.

Regional Assistance Grants are federally funded through the Title I Grants to Local Educational Agencies Program. Federal provisions provide for an initial obligation period of 15 months and a carry-over period of 12 months, which allows subrecipients up to 27 months to develop and implement programs.

MDE informed us that its practice was to award Regional Assistance Grants to subrecipients during the 12-month carry-over period using unspent funds from school district Title I basic allocations. This reduced by 15 months the time

available for subrecipients of the Regional Assistance Grants to plan and carry out the provisions of the program. MDE informed us that it used this practice because the federal resources were not sufficient to maintain the Title I basic grant at the required level and fund technical assistance for high priority schools simultaneously. However, our review disclosed that during fiscal years 2006-07 and 2007-08 federal resources were available to fund the Regional Assistance Grants during the initial obligation period.

Because of MDE's delay in awarding these grants, the subrecipients had only 4 to 12 months to obligate and spend the grant funds. We noted that in fiscal year 2006-07, 7 (47%) of the 15 subrecipients were unable to spend \$2.6 million (18%) of their total awards.

While some subrecipients were able to spend the awards within the limited time frames provided by MDE, giving the subrecipients the initial obligation period of 15 months may have allowed the subrecipients an opportunity to more effectively use the grants.

RECOMMENDATION

We recommend that MDE award Regional Assistance Grants to its subrecipients in a timely manner.

AGENCY PRELIMINARY RESPONSE

MDE agrees with the recommendation and informed us that it has worked toward the release of funds to subrecipients earlier each year. MDE recognizes that even though the grant expenditure period for Title I, Part A is 27 months, funds should be awarded during the first year as outlined in federal legislation. MDE informed us that as the AYP data is also released earlier each year, MDE is able to identify the eligible schools and release funds to begin the work more timely. For the current school year, MDE released funding estimates for regional assistance grants in November 2009 and made allocations available in December 2009.

EFFECTIVENESS OF EFFORTS TO MONITOR SUBRECIPIENTS THAT PROVIDED ASSISTANCE TO HIGH PRIORITY SCHOOLS

COMMENT

Audit Objective: To assess the effectiveness of MDE's efforts to monitor its subrecipients that provided assistance to high priority schools.

Audit Conclusion: **We concluded that MDE was not effective in monitoring its subrecipients* that provided assistance to high priority schools.** Our review disclosed two material conditions. MDE did not monitor its subrecipient that developed and implemented training and support initiatives for high priority schools (Finding 3). Also, MDE did not sufficiently monitor its subrecipients' school improvement efforts at high priority schools (Finding 4).

Our review also disclosed one reportable condition related to compliance with purchasing procedures (Finding 5).

FINDING

3. Monitoring of Subrecipient (MAISA) Activities

MDE did not monitor its subrecipient that developed and implemented training and support initiatives for high priority schools. As a result, MDE could not ensure that the subrecipient provided agreed-upon services to high priority schools or complied with State and federal program requirements.

MDE awarded the Michigan Association of Intermediate School Administrators (MAISA) \$17.5 million in federal Title I funds for the three fiscal years 2006-07, 2007-08, and 2008-09 to provide the majority of MDE's support initiatives to assist high priority schools.

We reviewed MAISA's documentation for fiscal years 2006-07 and 2007-08. We noted several deficiencies that MDE may have identified and addressed if MDE had sufficiently monitored MAISA's grant and MAISA's subcontracted services.

* See glossary at end of report for definition.

MDE's grant agreement stated that MDE was responsible for full oversight of the MAISA grant. We noted:

- a. MAISA did not use its award solely for services for Title I high priority schools as required by the grant agreement. Our review disclosed that MAISA paid \$48,700 for services not related to Title I high priority schools. MDE forwarded invoices totaling \$48,700 to MAISA even though the invoices appeared to be related to other federal programs. Neither MDE nor MAISA documented that these services were for Title I high priority schools served by its grant. As a result, MDE may be required to repay the federal government if these expenditures are not allowable under Title I.
- b. MAISA did not monitor the activities of its subcontractors by obtaining project summary reports specified in the contracts. We noted that MAISA paid a subcontractor \$500,000 for services provided to a school district without obtaining the project summary report specified in the contract. At our request, MAISA contacted its subcontractor to obtain the summary report, which was to include a narrative project summary and data driven analysis resulting from the project. MAISA informed us that its subcontractor completed the report after our request in April 2009, rather than by November 30, 2007 as required by the contract. Our review of the summary report disclosed that the subcontractor provided services to 15 schools, 8 of which were not Title I high priority schools.

Also, MAISA did not obtain the required quarterly reports from 3 subcontractors providing project coordination services. These services included the oversight of certain aspects of the Statewide system of support. The contracts required that the subcontractors complete and present quarterly reports of activities to MAISA. MAISA paid these subcontractors \$408,110 for the two-year period October 1, 2006 through September 30, 2008.

Without obtaining the reports specified in the contract, MAISA cannot ensure that its subcontractors provided the services and that the services had a positive impact on student achievement.

- c. MAISA did not ensure that it received audit services prior to paying for those services. MAISA subcontracted for audits of selected high priority schools.

MAISA paid its subcontractors based on submitted invoices without ensuring that the subcontractors had submitted the audit reports. MAISA made payments for 23 audits but could not locate these audits for our review. At our request, MAISA and MDE later obtained these audits from the subcontractors.

In addition, MAISA paid a total of \$10,800 based on invoices that did not specify the schools audited by its subcontractors. Some subcontractors submitted invoices without identifying the schools audited and MAISA did not determine the schools audited prior to making payment.

- d. MAISA did not obtain and review program evaluations and attendance records for its Coaches Institute and Principal Fellowship training presented to principals and other personnel of Title I high priority schools. MAISA paid its subcontractor \$2.9 million during fiscal years 2006-07 and 2007-08 for these programs. We contacted the subcontractor responsible for this training to obtain attendance records and evaluations for these training programs. Our review of the attendance records for the fiscal year 2006-07 Principal Fellowship training programs disclosed that 33 (24%) of 138 high priority schools did not attend.

Without obtaining program evaluations from the participants and determining if high priority school personnel attended, MDE and MAISA cannot evaluate whether this program is beneficial and has a positive impact at the high priority schools.

- e. MAISA did not comply with procurement procedures specified in the federal Education Department General Administrative Regulations (EDGAR). MAISA paid a total of \$315,470 to 7 consultants for which it did not have supporting contracts. EDGAR requires grantees and subgrantees to maintain a contract administration system to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Effective monitoring procedures would help MDE identify deficiencies, request timely subrecipient revisions, and obtain documentation to demonstrate compliance with the grant and contract agreements.

RECOMMENDATION

We recommend that MDE monitor its subrecipient that developed and implemented training and support initiatives for high priority schools.

AGENCY PRELIMINARY RESPONSE

MDE agrees with the recommendation.

- Part a. MDE agrees and informed us that it has changed its procedures and the Director of the Office of Education Improvement and Innovation now signs and approves invoices that clearly state the work done and its relationship to the High Priority Schools initiatives.
- Part b. MDE agrees and informed us that it will require monthly financial and activity report summaries from MAISA reflecting the work of the subcontractors and will include a list of the schools served by the subcontractors.
- Part c. MDE agrees with the recommendation. MDE informed us that since the audit visits occurred well in advance of the actual report completion, the auditors were paid for the visit made. MDE informed us that it will include the time frame for turning around the report and the use of the report by the school and others in the support process in a new request for proposal seeking a vendor.
- Part d. MDE agrees and informed us that it has built into its request for proposal for a fiscal agent, expectations that the monitoring of subcontractors will include quarterly review of attendance and program evaluation. Also, MDE informed us that new State legislation gives the Superintendent of Public Instruction greater latitude in setting expectations of persistently low performing schools. This new legislation will permit greater control of the lowest 5% of schools that do not meet AYP expectations.
- Part e. MDE agrees and informed us that it has changed procedures so that currently all consultants are required to have contracts in place and MAISA has been consistent in seeking out the contracts and ensuring that they are in place.

FINDING

4. Monitoring of Assistance Provided to High Priority Schools

MDE did not sufficiently monitor its subrecipients' school improvement efforts at high priority schools. Without sufficient monitoring, MDE could not ensure that ISDs and local school districts provided the approved school improvement services funded with Title I grants.

Federal regulations require that MDE monitor subrecipients to ensure that federal funds are spent in compliance with federal requirements and grant agreements and to ensure that the program objectives to improve student academic achievement are met. MDE awarded Title I school improvement grants to local school districts and Regional Assistance Grants to ISDs.

Our review of grant activities disclosed:

- a. MDE did not review detailed reports completed by the process mentor teams to ensure that the mentors assisted school leadership to set short-term student learning goals and implement researched-based instructional strategies directed at improving student achievement and meeting AYP. MDE established process mentor teams to guide school improvement teams at the school building level through the school improvement process. MDE funded process mentor teams with school improvement grants and required that the process mentors submit detailed reports of their achievement-focused meetings to the process mentor team coordinator in January 2008 and June 2008. Instead of reviewing detailed reports from process mentor teams during the school year, MDE reviewed a summary report after the school year ended.

We reviewed process mentor reports for 42 school buildings. We noted that process mentors and the school improvement teams had not established a student learning objective for 14 (33%) of the buildings. The process mentors and school improvement teams had not established any objectives for 3 of these 14 buildings.

- b. MDE did not require that school districts submit detailed expenditure and performance reports of the funding and services provided to each high priority school. School districts report the use of grant funds for the district as a whole,

not by individual high priority school within the district. Without detailed reporting of final expenditures or services at the school building level, MDE could not monitor or evaluate whether local school districts used federal funds as approved in their grant proposals and that each high priority school received the benefits of the grants (see Finding 1).

We reviewed a sample of 19 high priority school buildings from 10 local school districts. MDE awarded school improvement grants to the local school districts to be used at high priority schools. The local school districts had unspent grant funding and did not provide school improvement grants to all high priority schools. The local school districts selected 13 of the 19 school buildings to receive grant funds during fiscal year 2007-08 and 14 school buildings during fiscal year 2006-07. Because MDE did not require detailed reporting of final expenditures at the school building level, MDE could not determine the reasons for the unspent grant funding or which high priority school building did not receive grant funds to address needed improvements in student academic achievement. For example, we noted that one school district spent only 19% of its school improvement grant in 2007-08. The district's final expenditure report did not indicate which of its high priority school buildings received grant funds and why it did not use the funds as it had proposed.

- c. MDE did not consistently ensure that school districts set aside funds from its school improvement grant as required by federal regulations to provide for supplemental educational services* (SES), such as tutoring, and transportation to schools of choice when school buildings within the districts failed to make AYP. In addition, MDE did not determine why the school districts set aside less than the required amounts and had not evaluated why parents did not use SES or the option to transfer their students to another school.

Federal regulations require that school districts set aside an amount equal to 20% of their Title I, Part A, Improving Basic Programs Operated by Local Educational Agencies grant allocation unless a lesser amount is needed. The set-aside establishes a budget for SES to increase academic achievement of low-income students and the transportation of students opting to transfer to another school not identified for improvement.

* See glossary at end of report for definition.

We examined 10 local school districts' grants that included 89% of the schools that failed AYP during fiscal years 2006-07 and 2007-08. We noted that 8 of the 10 districts and 7 of the 10 districts did not set aside the required amount during fiscal years 2006-07 and 2007-08, respectively. For example, in fiscal year 2007-08, the local school districts were required to set aside a total of \$37.0 million; the actual set-aside was \$32.4 million and actual expenditures for SES and transportation were only \$17.2 million.

Monitoring procedures would help MDE ensure that its subrecipients provided the approved school improvement services.

RECOMMENDATION

We recommend that MDE sufficiently monitor its subrecipients' school improvement efforts at high priority schools.

AGENCY PRELIMINARY RESPONSE

MDE agrees with the recommendation and informed us that it is changing its subrecipient monitoring system and will use a diagnostic tool to determine a school's needs and then prescribe, with school input, a set of interventions. MDE also informed us that the process mentors will be involved in the new system and will develop reports based on the diagnostic tool and that MDE will review these reports to ensure learning objectives are established.

MDE informed us that it will identify local educational agencies (LEAs) that have underspent funds and inquire with the LEAs as to why the funds were not spent to monitor and evaluate whether local school districts used funds as approved in their grant proposals. In addition, MDE informed us that it will monitor LEAs to ensure that they are setting aside 20% of their funds for SES. Furthermore, MDE informed us that it is hiring staff to ensure that the monitoring occurs and has also hired an external evaluator to evaluate the Statewide system of support. MDE believes that this evaluation should also provide clear recommendations on how to improve monitoring.

FINDING

5. Compliance With Purchasing Procedures

MDE did not comply with required State purchasing procedures for procuring professional and information technology services. As a result, MDE could not ensure that it obtained professional and information technology services from the most qualified vendor at the most competitive cost. MDE awarded \$17.5 million in federal Title I funds to MAISA to provide professional and information technology services for the three fiscal years 2006-07, 2007-08, and 2008-09.

The Department of Management and Budget (DMB) requires the DMB Purchasing Operations to process purchases in excess of \$25,000 to ensure that State agencies are obtaining the most qualified vendor at the most competitive cost. In addition, federal regulations require that states procure services for federal grants using the same policies and procedures used to procure non-federally funded services.

Although MDE awarded a grant for its professional and information technology services to MAISA, MDE selected and approved specific organizations (subcontractors) to conduct these services included in the MAISA grant. MDE did not contact DMB Purchasing Operations to acquire these professional and information technology services. MDE informed MAISA that it was responsible for paying for these services provided by the organizations chosen by MDE. These services included:

- Information technology services for the development of an on-line school profile, school improvement planning template, and comprehensive needs assessment. The total amount paid to the subcontractor for these services from October 1, 2006 through September 30, 2009 was \$5.1 million.
- Professional services for audits of high priority schools and related auditor training. The total amount paid to audit subcontractors from October 1, 2006 through September 30, 2009 was \$841,789.
- Professional services for the development of training programs for principals and coaches of high priority schools. The total amount paid to the subcontractor for these training services from October 1, 2006 through September 30, 2009 was \$5.2 million.

RECOMMENDATION

We recommend that MDE comply with required State purchasing procedures for procuring professional and information technology services.

AGENCY PRELIMINARY RESPONSE

MDE agrees with the recommendation and informed us that it will follow appropriate procurement procedures for future contracts.

SUPPLEMENTAL INFORMATION

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education

Percent of High Priority Schools That Showed Improvement

	<u>Title I Schools</u>	<u>Non-Title I Schools</u>	<u>Total Schools</u>
<u>High Priority Elementary Schools</u>			
Total schools at the beginning of 2006-07 (based on the prior year's Michigan Educational Assessment Program [MEAP] results)	48	4	52
Schools that made adequate yearly progress (AYP) for 2 consecutive years (2005-06 and 2006-07)	4	0	4
Schools that made AYP only in one year (2006-07)	15	0	15
Number of schools that showed improvement	19	0	19
Percentage of schools that showed improvement by making AYP for one or two years	39.6%	0.0%	36.5%
Total schools at the beginning of 2007-08 (based on the prior year's MEAP results)	45	11	56
Schools that made AYP for 2 consecutive years (2006-07 and 2007-08)	10	0	10
Schools that made AYP only in one year (2007-08)	16	4	20
Number of schools that showed improvement	26	4	30
Percentage of schools that showed improvement by making AYP for one or two years	57.8%	36.4%	53.6%
<u>High Priority Middle Schools</u>			
Total schools at the beginning of 2006-07 (based on the prior year's MEAP results)	24	12	36
Schools that made AYP for 2 consecutive years (2005-06 and 2006-07)	6	4	10
Schools that made AYP only in one year (2006-07)	7	2	9
Number of schools that showed improvement	13	6	19
Percentage of schools that showed improvement by making AYP for one or two years	54.2%	50.0%	52.8%
Total schools at the beginning of 2007-08 (based on the prior year's MEAP results)	24	4	28
Schools that made AYP for 2 consecutive years (2006-07 and 2007-08)	3	1	4
Schools that made AYP only in one year (2007-08)	6	0	6
Number of schools that showed improvement	9	1	10
Percentage of schools that showed improvement by making AYP for one or two years	37.5%	25.0%	35.7%
<u>High Priority High Schools</u>			
Total schools at the beginning of 2006-07 (based on the prior year's MEAP results)	33	87	120
Schools that made AYP for 2 consecutive years (2005-06 and 2006-07)	0	8	8
Schools that made AYP only in one year (2006-07)	2	7	9
Number of schools that showed improvement	2	15	17
Percentage of schools that showed improvement by making AYP for one or two years	6.1%	17.2%	14.2%
Total schools at the beginning of 2007-08 (based on the prior year's Michigan Merit Exam [MME] results)	31	97	128
Schools that made AYP for 2 consecutive years (2006-07 and 2007-08)	0	2	2
Schools that made AYP only in one year (2007-08)	1	14	15
Number of schools that showed improvement	1	16	17
Percentage of schools that showed improvement by making AYP for one or two years	3.2%	16.5%	13.3%

Source: Auditor prepared using Michigan Department of Education annual lists of high priority schools.

Purpose: The purpose of this exhibit is to compare Title I and non-Title I schools that showed improvement based on the percentage of schools that made AYP for one or two years.

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education (MDE)

Comparison of Title I and Non-Title I High Priority Schools
Change in the Percent of Students Proficient in Mathematics and English Language Arts (ELA)

	<u>Mathematics</u>	<u>ELA</u>
Percentage Increase in Student Proficiency Rates		
<u>From 2005-06 to 2008-09 for High Priority Elementary Schools</u>		
Seven Sampled High Priority Title I Elementary Schools - Percentage Change	20.29%	3.63%
Title I High Priority Elementary Schools - Percentage Change	17.30%	3.85%
Non-Title I High Priority Elementary Schools - Percentage Change	N/A	N/A
Percentage Increase in Student Proficiency Rates		
<u>From 2005-06 to 2008-09 for High Priority Middle Schools</u>		
Seven Sampled High Priority Title I Middle Schools - Percentage Change	21.11%	6.42%
Title I High Priority Middle Schools - Percentage Change	24.94%	7.98%
Non-Title I High Priority Middle Schools - Percentage Change	16.41%	5.64%
Percentage Increase in Student Proficiency Rates		
<u>From 2006-07 to 2007-08 for High Priority High Schools</u>		
Seven Sampled High Priority Title I High Schools - Percentage Change	1.93%	0.22%
Title I High Priority High School - Percentage Change	1.75%	1.02%
Non-Title I High Priority High Schools - Percentage Change	0.72%	1.77%

Source: Auditor prepared using MDE data generated from the Michigan Educational Assessment Program (MEAP) and Michigan Merit Exam (MME) student achievement scores for the "all students" subgroup.

Purpose: The purpose of this exhibit is to compare the incremental improvement in student proficiency rates between Title I and non-Title I schools. The proficiency percentages are for schools that are high priority for the audit period. The exhibit also shows the improvement for the seven schools in our sample.

N/A: There were no non-Title I elementary schools that were in a phase of improvement because they failed adequate yearly progress (AYP) in the "all students" subgroup. There were 12 non-Title I elementary schools that were classified as high priority, but only because the schools failed AYP in a subgroup category other than "all students" as noted in Exhibit 6.

Observation: For the subgroup "all students," MDE efforts resulted in greater improvements in mathematics compared with ELA. Also, MDE's efforts resulted in greater improvements in Title I elementary and middle schools but had little effect at the high school level.

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education (MDE)

Title I School Improvement Grant Payments to Assist High Priority Schools
During School Years 2004-05 through 2008-09

<u>School Year</u>	<u>Grant Payments to</u>			<u>Total</u>
	<u>Local School Districts</u>	<u>Intermediate School Districts</u>	<u>MAISA</u>	
2004-05	\$ 5,903,237	\$ 248,745	\$	\$ 6,151,982
2005-06	9,403,252	334,024	377,900	10,115,177
2006-07	4,620,872	2,887,659	3,658,359	11,166,891
2007-08	1,541,163	15,518,996	4,567,574	21,627,733
2008-09	<u>1,203,044</u>	<u>10,883,622</u>	<u>6,448,859</u>	<u>18,535,525</u>
	<u>\$ 22,671,568</u>	<u>\$ 29,873,046</u>	<u>\$ 15,052,693</u>	<u>\$ 67,597,307</u>

Source: Auditor prepared using data from MDE's accounting records.

Purpose: The purpose of this exhibit is to provide summary information regarding MDE's payments to local school districts, intermediate school districts, and the Michigan Association of Intermediate School Administrators (MAISA) for school years 2004-05, 2005-06, 2006-07, 2007-08, and 2008-09.

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education (MDE)

Michigan Annual Adequate Yearly Progress (AYP) Objectives and Results

Michigan Annual AYP Objectives

School Year	English Language Arts (ELA)						
	Grade						
	3	4	5	6	7	8	11
2001-02	*	38%	*	*	31%	*	42%
2002-03	*	38%	*	*	31%	*	42%
2003-04	*	38%	*	*	31%	*	42%
2004-05	*	48%	*	*	43%	*	52%
2005-06	50%	48%	46%	45%	43%	41%	52%
2006-07	50%	48%	46%	45%	43%	41%	52%
2007-08	60%	59%	57%	56%	54%	53%	61%
2008-09	60%	59%	57%	56%	54%	53%	61%
2009-10	60%	59%	57%	56%	54%	53%	61%
2010-11	70%	69%	68%	67%	66%	65%	71%
2011-12	80%	79%	79%	78%	77%	77%	81%
2012-13	90%	90%	90%	89%	89%	89%	90%
2013-14	100%	100%	100%	100%	100%	100%	100%

Statewide Actual Achievement

School Year	English Language Arts (ELA)						
	Grade						
	3	4	5	6	7	8	11
2001-02	*		*	*		*	
2002-03	*		*	*		*	
2003-04	*		*	*		*	
2004-05	*		*	*		*	
2005-06	77.5%	75.1%	74.3%	76.2%	72.4%	69.2%	54.2%
2006-07	79.7%	77.8%	78.1%	78.8%	76.3%	69.0%	51.7%
2007-08	81.1%	76.7%	77.9%	80.0%	74.9%	72.2%	53.6%
2008-09	***	***	***	***	***	***	***
2009-10							
2010-11							
2011-12							
2012-13							
2013-14							

School Year	Mathematics						
	Grade						
	3	4	5	6	7	8	11
2001-02	**	47%	**	**	**	31%	33%
2002-03	**	47%	**	**	**	31%	33%
2003-04	**	47%	**	**	**	31%	33%
2004-05	**	56%	**	**	**	43%	44%
2005-06	59%	56%	53%	50%	46%	43%	44%
2006-07	59%	56%	53%	50%	46%	43%	44%
2007-08	67%	65%	62%	60%	57%	54%	55%
2008-09	67%	65%	62%	60%	57%	54%	55%
2009-10	67%	65%	62%	60%	57%	54%	55%
2010-11	75%	74%	71%	70%	67%	66%	67%
2011-12	83%	82%	81%	80%	78%	77%	78%
2012-13	91%	91%	90%	90%	89%	89%	89%
2013-14	100%	100%	100%	100%	100%	100%	100%

School Year	Mathematics						
	Grade						
	3	4	5	6	7	8	11
2001-02	**		**	**	**		
2002-03	**		**	**	**		
2003-04	**		**	**	**		
2004-05	**		**	**	**		
2005-06	85.9%	80.5%	72.3%	64.4%	58.8%	62.2%	48.2%
2006-07	88.1%	84.8%	76.3%	70.0%	65.3%	69.0%	47.3%
2007-08	90.2%	86.0%	74.6%	73.2%	73.1%	72.2%	47.3%
2008-09	***	***	***	***	***	***	***
2009-10							
2010-11							
2011-12							
2012-13							
2013-14							

* MDE did not administer an ELA assessment test for this grade during this school year.

** MDE did not administer a mathematics assessment test for this grade during this school year.

*** Data was not available. MDE had not published its 2008-09 State Report Card results.

Source: Michigan annual AYP objectives are available on MDE's Web site. The actual achievement data was obtained from MDE's Michigan No Child Left Behind (NCLB) State Report Cards for 2007-08, 2006-07, and 2005-06.

Purpose: The purpose of this exhibit is to compare MDE's annual AYP objectives with the Statewide actual achievement for ELA and mathematics assessments for school years 2001-02 through 2013-14 for grades 3, 4, 5, 6, 7, 8, and 11.

Observation: These four charts show that for school year 2005-06, the State met the Michigan annual AYP objectives for all grades tested for both ELA and mathematics assessments. However, for school year 2006-07, the State did not meet the Michigan annual AYP objective for 11th grade ELA. For school year 2007-08, the State did not meet the Michigan annual AYP objectives for 11th grade ELA and mathematics.

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education

Number of Title I and Non-Title I Schools and
Number of High Priority Title I and Non-Title I Schools
For School Year 2006-07

Title I Status of School	All Schools		High Priority Schools		
	Number of Schools	As a Percentage of Total Schools	Number of High Priority Schools	As a Percentage of Schools With Same Title I Status	As a Percentage of Total High Priority Schools
Title I	1,624	42.7%	138	8.5%	40.2%
Non-Title I	2,177	57.3%	205	9.4%	59.8%
Total	<u>3,801</u>	<u>100.0%</u>	<u>343</u>	9.0%	<u>100.0%</u>

Number of Title I and Non-Title I Schools and
Number of High Priority Title I and Non-Title I Schools
For School Year 2007-08

Title I Status of School	All Schools		High Priority Schools		
	Number of Schools	As a Percentage of Total Schools	Number of High Priority Schools	As a Percentage of Schools With Same Title I Status	As a Percentage of Total High Priority Schools
Title I	1,874	49.8%	138	7.4%	36.0%
Non-Title I	1,888	50.2%	245	13.0%	64.0%
Total	<u>3,762</u>	<u>100.0%</u>	<u>383</u>	10.2%	<u>100.0%</u>

Number of Title I and Non-Title I Schools and
Number of High Priority Title I and Non-Title I Schools
For School Year 2008-09

Status of School	All Schools		High Priority Schools		
	Number of Schools	As a Percentage of Total Schools	Number of High Priority Schools	As a Percentage of Schools With Same Title I Status	As a Percentage of Total High Priority Schools
Title I	1,994	55.3%	138	6.9%	29.2%
Non-Title I	1,610	44.7%	335	20.8%	70.8%
Total	<u>3,604</u>	<u>100.0%</u>	<u>473</u>	13.1%	<u>100.0%</u>

Source: Auditor prepared using Michigan Department of Education data.

Purpose: This exhibit provides a comparison of the total number of high priority Title I and non-Title I schools compared with the total number of schools in Michigan for the 2006-07, 2007-08, and 2008-09 school years.

Observation: This exhibit also shows that the number of high priority Title I schools has remained constant over the three years, while the number of high priority non-Title I schools has continued to increase.

As the Michigan annual adequate yearly progress (AYP) objectives (see Exhibit 4) continue to increase, the percentage of students required to be proficient increases, making it more difficult for schools to make AYP each year.

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education

Number of High Priority Schools by Type of School

As of School Year 2006-07				
Type of School	Title I Schools	Non-Title I Schools	Total Number of Schools	Percentage of Total
Elementary	48	4	52	15.2%
Elementary/Middle School	0	1	1	0.3%
Middle School	25	12	37	10.8%
Middle/High School	7	9	16	4.7%
High School	33	87	120	35.0%
K-12 School	5	2	7	2.0%
K-12 School/Special Education	0	1	1	0.3%
Special Education Center	3	14	17	5.0%
Alternative School	17	75	92	26.8%
Totals	138	205	343	100.0%

As of School Year 2007-08				
Type of School	Title I Schools	Non-Title I Schools	Total Number of Schools	Percentage of Total
Elementary	45	11	56	14.6%
Middle School	24	4	28	7.3%
Middle/High School	8	16	24	6.3%
9th grade only	3	1	4	1.0%
High School	31	97	128	33.4%
K-12 School	4	3	7	1.8%
Special Education Center	2	23	25	6.5%
Alternative School	21	90	111	29.0%
Totals	138	245	383	100.0%

As of School Year 2008-09				
Type of School	Title I Schools	Non-Title I Schools	Total Number of Schools	Percentage of Total
Elementary	42	12	54	11.4%
Middle School	19	10	29	6.1%
Middle/High School	7	22	29	6.1%
High School	41	139	180	38.1%
K-12 School	4	2	6	1.3%
Special Education Center	1	29	30	6.3%
Alternative School	24	121	145	30.7%
Totals	138	335	473	100.0%

Source: Auditor prepared using Michigan Department of Education data.

Purpose: The purpose of this exhibit is to provide historical data for the 2006-07, 2007-08, and 2008-09 school years on the number of Title I and non-Title I schools in a phase of improvement, by type of school.

Objective: This exhibit indicates the increase in non-Title I schools entering into a phase of improvement over the last three years, especially for high schools and alternative schools.

ASSISTANCE TO HIGH PRIORITY SCHOOLS

Office of School Improvement
Michigan Department of Education (MDE)

Consequences and Support for High Priority Schools - Title I and Non-Title I

Phase	Consequences for Title I High Priority Schools	Support for Title I High Priority Schools (Michigan's Statewide System of Support)
1	<ul style="list-style-type: none"> • Notify parents of School's AYP status • Offer School Choice and Transportation • Write and implement a new School Improvement Plan • 10% of Title I funds must be used for targeted professional development 	<ul style="list-style-type: none"> • Process Mentors visits 4 times/year • School Improvement Framework • Comprehensive Needs Analysis • Aligned curriculum and supports for the curriculum • School Improvement Plan template
2	<ul style="list-style-type: none"> • Notify parents of School's AYP status • Offer School Choice and Transportation • Offer Supplemental Educational Services • Implement 2nd year of School Improvement Plan • 10% of Title I funds must be used for targeted professional development 	<ul style="list-style-type: none"> • Process Mentors visits 4 times/year • School receives targeted audit if the only reason they did not make AYP was for Special Education or Limited English Proficiency (LEP) subgroups • School Improvement Framework • Comprehensive Needs Analysis • Aligned curriculum and supports for the curriculum • School Improvement Plan template
3	<ul style="list-style-type: none"> • Notify parents of School's AYP status • Offer School Choice and Transportation • Offer Supplemental Educational Services • Write and implement Corrective Action Plan 	<ul style="list-style-type: none"> • Process Mentors visits 4 times/year • School receives Comprehensive Audit • School receives additional funds to support building level initiatives that support their plan • Principal receives Leadership Coach for 100 days • Principal attends Principal Fellowship • School Improvement Framework • Comprehensive Needs Analysis • Aligned curriculum and supports for the curriculum • School Improvement Plan template
4	<ul style="list-style-type: none"> • Notify parents of School's AYP status • Offer School Choice and Transportation • Offer Supplemental Educational Services • Plan for Restructuring 	<ul style="list-style-type: none"> • Process Mentors visits 8 times/year • School receives Comprehensive Audit • School receives additional funds to support building level initiatives that support their plan • Principal receives Leadership Coach for 100 days • Principal attends Principal Fellowship • School Improvement Framework • Comprehensive Needs Analysis • Aligned curriculum and supports for the curriculum • School Improvement Plan template
5 and higher	<ul style="list-style-type: none"> • Notify parents of School's AYP status • Offer School Choice and Transportation • Offer Supplemental Educational Services • Implement Restructuring Plan 	<ul style="list-style-type: none"> • Process Mentors visits 4 times/year • School receives Comprehensive Audit • School receives additional funds to support building level initiatives that support their plan • Principal receives Leadership Coach for 100 days • Principal attends Principal Fellowship • School Improvement Framework • Comprehensive Needs Analysis • Aligned curriculum and supports for the curriculum • School Improvement Plan template

* Non-Title I schools do not receive federal Title I, Part A grant funds.

Purpose: The purpose of this exhibit is to summarize by phase of improvement a comparison of Title I and non-Title I schools, the consequences MDE holds schools accountable for, and the support tools and services MDE provides to high priority schools.

Source: MDE Web site.

Consequences for Non-Title I High Priority Schools	Support for Non-Title I* High Priority Schools (Michigan's Statewide System of Support)
<ul style="list-style-type: none">• Notify parents of School's AYP status• Write and implement a new School Improvement Plan	<ul style="list-style-type: none">• School Improvement Framework• Comprehensive Needs Analysis• Aligned curriculum and supports for the curriculum• School Improvement Plan template
<ul style="list-style-type: none">• Notify parents of School's AYP status• Implement 2nd year of School Improvement Plan	<ul style="list-style-type: none">• Same as Phase I
<ul style="list-style-type: none">• Notify parents of School's AYP status• Choose from specific Corrective Action options	<ul style="list-style-type: none">• Same as Phase I
<ul style="list-style-type: none">• Notify parents of School's AYP status• Plan for Restructuring using cost neutral options	<ul style="list-style-type: none">• Same as Phase I
<ul style="list-style-type: none">• Notify parents of School's AYP status• Implement Restructuring Plan	<ul style="list-style-type: none">• Same as Phase I

ASSISTANCE TO HIGH PRIORITY SCHOOLS
Office of School Improvement
Michigan Department of Education

Analysis of the Change in the Percent of Students Proficient in the
Mathematics and ELA Assessments for High Priority Schools That Failed AYP Based on "All Students" Subgroup
During School Years 2005-06 through 2008-09

	Elementary		Middle		High School	
	Title I Schools	Non-Title I Schools	Title I Schools	Non-Title I Schools	Title I Schools	Non-Title I Schools
<u>Schools With Improvement in Mathematics</u>						
Number of High Priority Schools	108		45	32	25	75
Average Percentage Proficient in 2005-06 School Year	40.6%	N/A	32.3%	60.2%		
Average Percentage Proficient in 2006-07 School Year					5.1%	42.9%
Average Percentage Proficient in 2007-08 School Year					10.1%	47.4%
Average Percentage Proficient in 2008-09 School Year	60.7%	N/A	57.3%	76.9%		
Three-Year Average Change in Improvement	20.0%	N/A	24.9%	16.7%		
Average Change in Improvement Per Year	6.7%	N/A	8.3%	5.6%	5.0%	4.5%
<u>Schools That Had Not Shown Improvement in Mathematics</u>						
Number of High Priority Schools	16			1	22	69
Average Percentage Proficient in 2005-06 School Year	62.4%	N/A	N/A	60.3%		
Average Percentage Proficient in 2006-07 School Year					10.8%	44.2%
Average Percentage Proficient in 2007-08 School Year					8.6%	40.7%
Average Percentage Proficient in 2008-09 School Year	54.9%	N/A	N/A	60.2%		
Three-Year Average Change in Improvement	(7.4%)	N/A	N/A	(0.1%)		
Average Change in Improvement Per Year	(2.5%)	N/A	N/A	0.0%	(2.2%)	(3.5%)
<u>Schools With Improvement in English Language Arts (ELA)</u>						
Number of High Priority Schools	78		35	33	27	89
Average Percentage Proficient in 2005-06 School Year	46.3%	N/A	47.2%	70.8%		
Average Percentage Proficient in 2006-07 School Year					15.7%	49.5%
Average Percentage Proficient in 2007-08 School Year					20.7%	54.1%
Average Percentage Proficient in 2008-09 School Year	56.0%	N/A	58.3%	76.5%		
Three-Year Average Change in Improvement	9.7%	N/A	11.1%	5.6%		
Average Change in Improvement Per Year	3.2%	N/A	3.7%	1.9%	5.0%	4.6%
<u>Schools That Had Not Shown Improvement in ELA</u>						
Number of High Priority Schools	46		10		21	54
Average Percentage Proficient in 2005-06 School Year	57.8%	N/A	54.0%	N/A		
Average Percentage Proficient in 2006-07 School Year					16.0%	47.5%
Average Percentage Proficient in 2007-08 School Year					11.6%	44.0%
Average Percentage Proficient in 2008-09 School Year	51.5%	N/A	49.9%	N/A		
Three-Year Average Change in Improvement	(6.3%)	N/A	(4.1%)	N/A		
Average Change in Improvement Per Year	(2.1%)	N/A	(1.4%)	N/A	(4.3%)	(3.4%)

Source: Auditor prepared using Michigan Department of Education data generated from Michigan Merit Exam (MME) student achievement scores for the "all students" subgroup.

Purpose: The purpose of this exhibit is to report on the four-year incremental change in the percent of students scoring proficient for those schools that did not meet adequate yearly progress (AYP). This exhibit also identifies the number of schools with incremental improvement as well as the number of schools that did not show any incremental improvement over the four-year time period. For elementary and middle schools, we used a four-year time period. For high schools, we used a two-year time period because the MME was not offered prior to the 2006-07 school year. The 2008-09 school year MME test results were not available during our audit period.

GLOSSARY

Glossary of Acronyms and Terms

adequate yearly progress (AYP)	The measure used to hold public schools and districts accountable based on the provisions of Title I of the federal No Child Left Behind Act of 2001 to the federal Elementary and Secondary Education Act of 1965, as amended.
Center for Educational Performance and Information	An agency within the Department of Management and Budget that is responsible for coordinating the collection of all educational data required by State and federal law from entities receiving funds under the State School Aid Act.
corrective action	When a Title I school fails to meet AYP goals for 4 consecutive years, the district must implement at least one of the following corrective actions: replace school staff; implement new curriculum; decrease the authority of school-level administration; appoint outside experts to advise the school; extend the school year or school day; and/or restructure the internal organization of the school.
DMB	Department of Management and Budget.
EDGAR	Education Department General Administrative Regulations.
effectiveness	Success in achieving mission and goals.
English language arts (ELA)	The English language arts assessment is scored by averaging a student's score on the reading and writing assessments.
high priority school	A school that has not made AYP for two or more consecutive years in a phase of school improvement.
high priority school audit	An audit to objectively observe and accurately describe the current status of the school in relation to factors that will

make a difference in student achievement, such as the school improvement framework.

ISD	intermediate school district.
local educational agency (LEA)	Local boards of education, including districts, intermediate school districts (ISDs), and regional educational service agencies (RESAs).
MAISA	Michigan Association of Intermediate School Administrators.
material condition	A 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 judgment of an interested person concerning the effectiveness and efficiency of the program.
MDE	Michigan Department of Education.
Michigan Educational Assessment Program (MEAP)	The Statewide assessment program used to test and report student achievement in the core academic subjects at certain grade levels.
Michigan Merit Exam (MME)	The State high school assessment administered to grade 11 and grade 12 students. It replaced the Michigan Educational Assessment Program (MEAP) high school assessment in spring 2007.
No Child Left Behind (NCLB) Act of 2001	The federal law that authorizes funding and contains the current requirements for Title I and other federal educational programs.
non-Title I school	A school that does not receive Title I funds.
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 program operations, to facilitate decision making by parties responsible for overseeing or initiating corrective action, and to improve public accountability.

public school

A public elementary or secondary educational entity or agency established under the Revised School Code (Act 451, P.A. 1976) which has as its primary mission the teaching and learning of academic and vocational-technical skills and knowledge and which is operated by a local educational authority, intermediate school district, or public school academy.

reportable condition

A matter that, in the auditor's judgment, falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the objectives of the audit; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.

RESA

regional educational service agency.

restructuring plan

When a Title I school fails to meet AYP goals for 5 consecutive years, the district must prepare a plan to restructure the school. The restructuring plan must include one of the following alternative governance arrangements: reopen the school as a public charter school; replace all or most of the school staff, including the principal; enter into a contract to have an outside entity operate the school; arrange for the state to take over operation of the school; or any other major restructuring of the school's governance arrangement.

subrecipients	MAISA and LEAs that received and expended federal Title I-funded grants received from MDE to provide assistance to high priority schools in achieving AYP.
supplemental educational services (SES)	When a Title I school fails to meet AYP goals for 3 or more consecutive years, students are eligible for state-approved supplemental educational services, which include tutoring or other extra education services that provide academic aid to students. Parents can choose from a list of supplemental service providers, which are generally available on state Department of Education Web sites.
Title I	The first section of the federal Elementary and Secondary Education Act of 1965, as amended, known as the NCLB Act. Title I refers to programs aimed at America's most disadvantaged students. Title I, Part A, provides assistance to improve the teaching and learning of children to meet challenging state academic content and performance standards.
Title I school	A school that receives Title I funds.

