

**Michigan Department of Education
Summary Responses to Recommendations
Performance Audit of the Great Start Readiness Program
May 2017**

1. Audit recommendations the agency complied with:
#1

2. Audit recommendations the agency agrees with and will comply:
#2, #3

3. Audit recommendations the agency disagrees with:
None

OAG Performance Audit – Great Start Readiness Program
 Audit #313-0260-15

Finding #	Finding Title	OAG Recommendation	Agency Response	Update
1	Guidance and verification for GSRP student estimates need improvement.	<p>We recommend that MDE improve its guidance to ISDs for estimating the number of potentially qualifying students when seeking GSRP funding.</p> <p>We also recommend that MDE continue to improve its verification of ISDs' estimates of qualifying students and related funding.</p>	<p>MDE agrees with the recommendations.</p> <p>During the audit period, MDE began taking action steps to address a core issue that contributed to variance in ISDs' population estimates and inability of MDE to verify ISDs' estimates.</p> <ul style="list-style-type: none"> • MDE established an advisory workgroup of external stakeholders to thoroughly review the GSRP formula, including the community needs assessment, which convened regularly from December 2015 to September 2016. The workgroup and MDE agreed that a single valid and reliable data source was needed to remedy the use of multiple processes by ISDs in determining population estimates. MDE utilized the expertise of the DTMB State Demographer to examine the various population data sources that currently exist and to analyze pros/cons of each to reach a decision to begin to utilize the most recent U.S. Census, American Community Survey (ACS) dataset and to obtain a customized tabulation report for population counts for children eligible for the program for each ISD. 	<p>On March 7, 2017, MDE purchased, via MiDTMB State Demographer, a report from the United States Department of Commerce, Bureau of Census. It reports the Ratio of Income to Poverty Level estimates for all persons in the poverty universe (statistical term used to refer to the entire group of units; aka population), for persons three years of age in the poverty universe and for persons four years of age in the poverty universe for the State of Michigan, its counties, and Intermediate School Districts (a User-Defined Area created from Unified and Elementary School Districts) from the 2011-2015 ACS 5-year file and the 2015 ACS 1-year file. The 2015 data file is the most recent year data available to be used at this time.</p> <p>This information was then prepopulated, by a GSRP Departmental Analyst, into the GSRP Community Needs Assessment and Application (CNAA) within MEGS+ for each ISD and the field was then “frozen” so that ISDs could not change the number. On January 5, 2017, the CNAA was released based on the prepopulated numbers so ISDs could indicate their request, which could not exceed the Census number, and the manner (i.e., program options of part-day, school-day, GSRP/Head Start Blend) in which they would serve children in their local</p>

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			<ul style="list-style-type: none"> • MDE has purchased a report of the most recent ACS dataset for implementation for FY18. • MDE will prepopulate the ISD applications with the number of program eligible children identified in the ACS report. This process will better ensure accountability and use of GSRP funding Statewide. <p>Because of MDE changing the process and prepopulating the total number of 4-yr old children eligible for the program within the Community Needs Assessment and Application (CNAA), there is no need for MDE to improve guidance to the ISDs for estimating the number of potentially qualifying student or verification of ISD estimates.</p>	<p>community. ISDs completed their CNAA submissions on May 10, 2017.</p> <p>The same GSRP Departmental Analyst received from the Center for Educational Performance and Information (CEPI) on March 6, 2017 the final ISD-entered and verified MSDS 2017 Spring Collection numbers of children served for fiscal year 16-17. On March 7, 2017, a GSRP Departmental Analyst used these numbers to calculate allocation reductions for ISDs that served less children than anticipated based on the MSDS file. Allocation adjustment letters were sent to ISDs on March 21, 2017, indicating the fiscal adjustment would occur with the April 2017 State Aid payment.</p> <p>The MSDS 2017 Spring Collection numbers were also used to determine the ISDs “hold harmless” count in the funding process for FY 17-18. Anticipating the new funding structure for GSRP would be adopted through the FY 17-18 budget process, the GSRP Department Analyst restructured the GSRP funding spreadsheet for FY 17-18 to align with the pending new process outlined under section 39 of the State School Aid Act for FY 17-18 using the Census data, the hold harmless numbers, and the ISD request within the CNAA.</p> <p>To assess the new method of using prepopulated data is more accurate can be determined during multiple</p>

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				<p>checkpoints in the allocations process. The first checkpoint is after the FY 17-18 CNAAs are submitted by ISDs, which was completed on May 10, 2017. At this point, a Departmental Analyst ran a MEGS+ report to compare ISDs' requests noting which ISDs were requesting less or significantly more than in the previous year CNAAs, as well as noting requests that were more than the total number of eligible children per the 2015 U.S. Census data file. Because legislation changed the unit of funding to children versus slots in FY 16-17, she also converted ISDs' requests into slots to ensure the request was at least their hold harmless. This internal quality check on the data for accuracy was completed in May 2017. The data was then inputted into a draft preliminary run of GSRP allocations for FY 17-18.</p> <p>As of May 15, 2017, a preliminary run of the GSRP allocations was done and underwent internal quality checks with the GSRP staff. This is the next checkpoint to ensure the new methodology for the CNAAs achieves the desired result of greater accuracy. At this checkpoint, the draft preliminary run was examined by GSRP consultants to review that what ISDs were requesting made sense based on prior year children served data and on information garnered through the consultation process of any anticipated changes in program option that the ISDs may enact for FY 17-18 that would impact their requests. During this</p>

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				<p>process check, an additional issue was identified regarding how the Head Start Demographics numbers were impacting eligible population numbers and therefore allocations. A manual adjustment was made and an accurate draft version of allocations for FY 17-18 was completed on May 16, 2017. As of this date, GSRP consultants addressed any ISDs with anomalies in their data and to ensure accuracy of their CNAA request and Head Start demographic data.</p> <p>The GSRP allocations for FY 17-18, incorporating the above data quality checkpoints, are ready to be communicated to the ISDs once the budget process completes and the governor signs the final budget bill into law. Three more data quality checkpoints exist throughout the GSRP allocations process in which the population data can be checked against the CNAA and prepopulated data file: the ISD Acceptance of Funds (data available in September 2017), the ISD Program Implementation Plan Project Fact Sheet (data available in December 2017), and the 2018 MSDS Spring Collection (with data available in March 2018).</p>
2	Evaluation of the aggregate performance of GSRP students Statewide needed.	We recommend that MDE develop and implement a comprehensive process to evaluate the aggregate performance of GSRP students on a Statewide basis.	<p>MDE agrees with the recommendation.</p> <p>MDE relies on several systems to capture data for program and child evaluation purposes. MDE began taking action steps to assess if and how data from those systems can be</p>	On June 13, 2017, the Michigan State Board of Education adopted a new set of grant criteria for the GSRP Evaluation Grant. The new criteria outline requirements to be included in an Request for Proposals to be issued through a competitive grant and peer review process that will take place July

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			<p>linked together to be able to evaluate the aggregate performance of GSRP students.</p> <ul style="list-style-type: none"> • To address the lack of ability to correlate child assessment data with classroom quality, in January 2017 MDE staff initiated a review of the program assessment system (i.e., OnlinePQA) with the statewide evaluator to do exploration and requirements gathering for being able to link data from the OnlinePQA system with data from the child assessment data systems being used by local GSRP partners. This process identified the main barrier being that a common field does not exist across systems to be able to create the electronic link needed between individual child assessment data and the program quality data. • MDE will be conducting an open competition for the statewide evaluation of GSRP grant in Summer 2017. It will include as part of the grant criteria, and subsequent Scope of Work plan for FY 17-18, additional tasks to continue work on problem-solving a resolution to this finding so that reporting can be done on the aggregate performance of GSRP students. 	<p>2017-September 2017, with a start date of October 1, 2017, for a new five-year GSRP evaluation grant.</p> <p>Intentionally, the grant criteria directly align with and establish a strategy for addressing the Findings #2 and #3 within the OAG Performance Audit – Great Start Readiness Program (Audit # 313-0260-15).</p> <p>The adopted criteria are: MDE will select one applicant that can demonstrate previous experience and ability in the design and utilization of process and outcome evaluation, including both qualitative and quantitative methods for assessment of preschool programs and with program improvement activities.</p> <p>Applicants must demonstrate an understanding of developmentally appropriate early childhood programs and appropriate assessment of young children.**</p> <p>In addition, applicants must demonstrate ability to perform all the following activities:</p> <ul style="list-style-type: none"> • Conduct quasi-experimental longitudinal evaluation of children in GSRP, as they enter kindergarten, and through third grade.* • Collect and report statewide aggregate data on performance of children in GSRP, based on department approved child assessments for GSRP.*

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				<ul style="list-style-type: none"> • Collect and report data on program quality and effectiveness of GSRP in different settings (e.g., school districts, community-based organizations), program options (i.e., part-day, school-day, and GSRP/Head Start Blend), and by Great Start to Quality star ratings.** • Collect data on income eligibility, by quintiles, and risk factors of all children participating in the program.** • Collect and report data on staff characteristics, including credentials and pay structure.** • Support state data collection and program improvement activities.** <p>Priority will be given to applicants who can demonstrate previous experience in the evaluation of programs for preschool-aged children and their families, as well as previous experience in the evaluation of school-age children.**</p> <p>* Criteria Defined in Statute **Criteria Defined by Staff</p> <p>Child assessment data is collected three times per program year, with the last data point being in the Spring of any given year. MDE along with its GSRP Evaluation Grant vendor intends to establish a process for collecting data, aligning data from different tools, and reporting on aggregate statewide data as a response to Finding #2. The estimated first report on FY 17-18 program year</p>

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				<p>data on child assessment will be ready on or before September 30, 2018.</p>
3	<p>Improvements needed in GSRP expansion evaluation.</p>	<p>We recommend that MDE fully evaluate the results of the GSRP expansion.</p>	<p>MDE agrees with the recommendation. MDE will continue active evaluation efforts to fully evaluate GSRP expansion at the state level.</p> <ul style="list-style-type: none"> It is important to note that MDE began taking action to fully evaluate the GSRP expansion change requiring inclusion of CBOs as GSRP provider for 30% of the total pupil slots. In 2014, MDE submitted programming changes for MEGS+ so that ISDs would need to identify each GSRP provider by type (i.e., district vs CBO), including subcategories, so that an annual report to the Legislature could be developed on statewide aggregate, and by ISD, slot distribution and percentages. However, program quality assessment data and provider type are collected in two different systems that do not have a common field to electronically link the data. MDE will be conducting an open competition for the statewide evaluation of GSRP grant in Summer 2017. It will include as part of the grant criteria, and subsequent Scope of Work plan for FY 17-18, additional tasks to continue work on problem-solving a resolution to this finding so that reporting can be done on the aggregate program performance by provider type. 	<p>See Finding #2 for discussion on GSRP Evaluation Grant criteria.</p> <p>MDE along with its GSRP Evaluation Grant vendor intends to establish a process aligning data from different systems and reporting on aggregate statewide program performance data by provider type as a response to Finding #3.</p> <p>MDE is required by the State School Aid Act to submit an annual report on distribution of funding (i.e., slots) by provider type to the Michigan Legislature no later than December 1 of each year to demonstrate that it is meeting the goal of having at least 30% of funding (i.e., slots) go to private provider types. The provider type data for this report is collected by the MEGS+ system within the ISD Program Implementation Plan (PIP), which is available in the fall of each program year.</p> <p>Program quality data is collected three times per program year, with the last data point being in the Spring of any given year. The data collection system is typically frozen in June, and data extraction can begin. MDE will extract the data, as well as the provider type data, and deliver it to the GSRP Evaluation Grant vendor, with an expectation that a report will be prepared within 60 days of receipt of the data files from MDE.</p>

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			<ul style="list-style-type: none"> • MDE also began taking action to fully evaluate the GSRP expansion changes related to income eligibility and prioritizing enrollment based on quintiles. In 2016, MDE staff submitted programming changes for MSDS Spring Data Collection so that ISDs would need to identify for each child served, the income eligibility quintile within which he/she qualifies, as well as if the child is qualifying under the categories of child with an IEP, homeless and/or in foster care. These programming changes will be implemented in time for FY 17-18 MSDS Spring Data Collection period. • MDE also began taking action to fully evaluate the GSRP expansion change related to the provider eligibility factor of achieving a minimal three-star rating within the Great Start to Quality system. The data is housed within two systems and there was an electronic linking field (i.e., child care license number) within the two systems. This has allowed MDE, since 2014, to ensure through its formal ISD monitoring system that all GSRP providers are achieving a minimal three-star rating. MDE will be conducting an open competition for the statewide evaluation of GSRP grant in Summer 2017. It will include as part of the grant criteria, and subsequent Scope of Work plan for FY 17-18, 	<p>MDE completed its programming request to CEPI for including income eligibility quintiles as a field in MSDS and those fields will be included in the MSDS 2018 Spring Collection, which ends in mid-February. The eligibility data by child served is typically released by CEPI to MDE in March. MDE will provide the data to the GSRP Evaluation Grant vendor, with an expectation that a report will be prepared within 60 days of receipt of the data files from MDE.</p> <p>Great Start to Quality star ratings of all licensed providers, including GSRP providers, is maintained in a separate electronic system developed by Mosaic, Inc. For evaluation purposes, MDE will obtain the data from Mosaic, Inc. and deliver it to the GSRP Evaluation Grant vendor so that the data can be included as a variable in multiple analyses and reported on or before September 30, 2018.</p> <p>MDE collects the data field of program option (i.e., part-day, school-day, GSRP/Head Start Blend) within MEGS+ as part of classroom data collection portion of the GSRP Program Implementation Plan. For evaluation purposes, MDE will extract the data from MEGS+ and deliver it to the GSRP Evaluation Grant vendor so that the data can be included as a variable in multiple analyses and reported on or before September 30, 2018.</p>

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			<p>additional GSRP expansion reporting based on star-ratings.</p> <ul style="list-style-type: none"> • MDE has not conducted a data analysis on program options (i.e., part-day, school-day, GSRP/Head Start Blend) since 2001. Noting the substantial shift in the prevalence of program options funded by ISDs during GSRP expansion years, MDE will include as part of the grant criteria, and subsequent Scope of Work plan for FY 17-18 resulting from the open competition for the statewide evaluation of GSRP grant in Summer 2017, additional GSRP expansion reporting based on program options. 	