Review

Secretary of State Audit

Department of Education Alternative and Online Education Programs

(Report 2017-30)

Secretary of State Audit Plan Item

Title of Audit:
Stronger Accountability, Oversight, and Support Would Improve Results for Academically At-Risk Students in Alternative and Online Education

Overview:
Scope and Purpose of Audit – The Secretary of State's Audits Division identified the primary purpose of the audit was to determine how the Department of Education (ODE) and school districts can help increase the success of academically at-risk students in alternative and online education. Online and alternative education schools and programs also serve students who are not academically at-risk. The audit did not focus on their effectiveness with these students.

Audit Recommendations – The audit identified several recommendations for ODE related to their work with and responsibility for alternative and online education schools and programs, which were summarized into the following areas:
- Improve identification and performance reporting.
- Improve accountability and additional performance measures.
- Determine staffing levels needed to better monitor, guide, and support districts.
- Work to increase performance through strengthening attendance and funding, improved public reporting, verification of the quality and suitability of credit recovery options used, and develop standards for reviews of alternative and online schools and programs and ensure districts are following standards.

The audit also identified recommendations that direct ODE to work with the Legislature. (It should be noted that some of the recommendations above, especially those that would result in the need for more staff and funding for ODE or schools would also require work with and approval by the Legislature.) These are:
- Require upgrades to accountability and oversight for alternative education.
- Increase standards for sponsors of statewide and regional virtual charter schools.

For a full listing and discussion of the audit findings and recommendations, go to sos.oregon.gov/audits/Documents/2017-30.pdf)

Agency Response – The agency agreed with the audit recommendations, and indicates that work to address recommendations has begun. ODE reports that discussions with stakeholder groups has been or will be initiated on a number of the recommendations, and work on developing strategies to address issues within management authority and current resource availability is underway. The agency notes that changes will need to align with the federal Every Student Succeeds Act (ESSA) and

many issues will require discussions with the Governor and, ultimately, action by the Legislature to implement. The agency response does indicate that some of the audit recommendations cannot be fully implemented without additional funding and staff resources. The agency response letter to the Secretary of State is included in the audit and provides further detail on the agency's position regarding the audit findings and detail.

Analysis:
Overall, the topic and scope of this audit were timely and in line with the needs of the agency. In addition, enrollment in alternative education models is growing both in Oregon and nationally so information on issues within the state, as well as programs and results in other states is helpful to future policy and budgeting discussions. The audit focuses on at-risk students only, which, for purposes of the audit, was defined as students who are not on track to graduate on time or at risk of dropping out.

When reviewing the findings and recommendations in this audit, it is important to understand the current governance structure in Oregon and how responsibilities and authorities are divided between state government (ODE) and local school boards and districts. Oregon is, generally, a local control state, where general policy and standards are established at the State level, but the responsibility and authority to carry out the policy and develop strategies, programs, and processes to meet those statewide standards largely rests with the local districts. While ODE can provide technical assistance, suggest best practices, and monitor district performance, it is limited in its authority to direct districts on how they carry out statewide policies and meet those standards. Some of the findings and recommendations in this audit would likely require changes at the local level or establish new requirements on districts. Discussions on finding the correct balance between statewide requirements and consistency across the state and local control to determine highest priorities for use of resources has been and will continue to be a fundamental policy and budget discussion.

The audit points out that clearer definitions for alternative schools and programs should be developed; ODE agrees and such work is in progress. In fact, even within the audit, it is sometimes challenging to determine whether the issue discussed applies to all alternative schools and programs or a subset of those types of schools or programs. Additional definitions and clarity should assist future policy discussions and audits and reviews because not all issues equally apply to all schools and programs.

The audit identifies issues that may be faced by students enrolled in alternative schools and programs that can affect their school performance in any academic setting, traditional or alternative. It also identifies a need for more specific performance data to help identify schools or programs that are best meeting the needs of at-risk students. It should be noted that there are many reasons why a student may be enrolled in alternative education, and there may be many reasons why a student is at-risk. As such, supports to help students be successful will vary from student to student and can change over time. A school or program that is more successful today may not be as successful in a future year because of the specific needs of the students at that time. This can be challenging to performance monitoring and interpretation of data. Another challenge to data reporting and analysis can be the size of a district. A small school district may have a large percentage positive or negative swing in a performance measure based on changes to a very small number of students.

Despite the challenges related to performance measurement, performance data is critical to a review of programs and policy discussions about how to improve program effectiveness. ODE does collect and report data measures for all schools, including charter schools and publicly-funded alternative programs, published annually on each school and district Report Card. If a decision is made to gather additional data, it is important to remember that the more granular and specific the data, the more informed the policy and budget discussions. Another key decision would be whether that data collection (and any system to support the collection) occurs at the local or state level. ODE notes that local solutions offer better access to educators and could result in more immediate interventions and supports for students, and that statewide systems would likely be slower and less useful to schools and students but would be of use to drive system improvements and state educational policy. Another issue is the additional workload for local school districts related to expanding performance data collection; an evaluation of overall data collection needs would be necessary. Again, in determining how best to respond to the audit findings regarding performance data collection and reporting, a discussion of the balance between statewide and local needs and the best use of limited resources would be necessary.

As noted, several of the findings and recommendations result in a need to discuss ODE authority and resources. ODE has limited authority and tools, including staff resources, to provide guidance and support, as well as to monitor and enforce policy and standards. The audit points out the limited staffing that currently exists in ODE dedicated to alternative education (one half-time person). This staffing level does limit ODE's work with alternative education schools and programs. Alternative education programs do receive support in other ways from ODE. For example, ODE has staff dedicated to certain areas (e.g. math standards) that work with all schools and programs, whether traditional or alternative. The audit also states that ODE is generally not a strong driver of alternative education improvement, which may, in part, be due to limited staffing; however, the audit does not identify any instances of ODE being in non-compliance with current laws or legislative direction regarding alternative education. Any significant changes to policy or additional resources or reprioritization of resources needs to be considered by the Legislature.

The audit provides information on work being done in other states to improve alternative education. Information on other state practices is helpful for future discussions about how to improve Oregon's programs. More detailed analysis on such programs, including the accuracy and validity of their performance data and their applicability to Oregon would be needed if the state was to consider instituting and funding similar programs.

Finally, as noted in the audit purpose statement and in the discussion above, the audit focused on at-risk students only, rather than on all students enrolled in online and alternative education. Therefore, it was not intended that the results provide a complete picture of the performance of such schools or programs. If the Legislature wants an audit of overall performance and comparison of effectiveness of alternative education models, a request for such an audit would need to be made to the Secretary of State.

Recommendation:
The Legislative Fiscal Office (LFO) recommends acknowledging receipt of the audit report. LFO expects the agency to complete changes outlined in their agency response to the audit as outlined above and to provide notification to the Joint Legislative Audit Committee (JLAC) when the work is

completed. Implementation of audit recommendations must be made within the current governance structure; recommendations that may potentially require a change to that structure to fully implement need to be discussed with all appropriate stakeholders, including the Legislature. LFO also recommends that detail data collected and used by the Secretary of State in this audit be made available, as appropriate, to ODE for use in future policy and budget discussions.

LFO notes that discussions regarding the need for additional funding, staffing, or other changes to these programs should continue to be part of the regular budget discussions and legislative hearings for the agency. If the agency cannot complete the work outlined in their response to the audit within the current budget authority, specific audit recommendations and agency responses may be taken into consideration during the 2019 session when they can be evaluated in the context of all agency programs and services. Ultimately, decisions on program and service levels for state programs, as well as funding, continue to need to be made within the context of total available statewide resources and priorities.