

**DEPARTMENT OF EDUCATION
STATE BOARD OF EDUCATION
MAY 1997**

Arthur A. Hayes, Jr., CPA
Director

Deborah V. Loveless, CPA
Assistant Director

Diana L. Jones
Audit Manager

Dena Winningham
In-Charge Auditor

Roger Miller
Laura Teague
Staff Auditors

Jane Russ
Editor

May 7, 1997

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Kenneth N. (Pete) Springer, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Department of Education and the State Board of Education. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the department and the board should be continued, abolished, or restructured.

Very truly yours,

W. R. Snodgrass
Comptroller of the Treasury

WRS/cr
96-027

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Department of Education
State Board of Education
May 1997

AUDIT OBJECTIVES

The objectives of the audit were to review the department's and the board's legislative mandates and the extent to which the department has met its mandate; to evaluate the efficiency and effectiveness of the department's activities and programs, the effect of the board's rules and policies on those activities, and the need for changes in the board's rules and policies; and to make recommendations that might result in more efficient and effective operation of the department.

FINDINGS

Some School Systems May Not Meet Performance Goals*

The Education Improvement Act of 1992 required that the commissioner recommend, and the State Board of Education approve, performance goals for school systems in the areas of academic gain, dropout rate, and attendance rate, and others established by the board. Many of the state's 139 public school systems may have difficulty meeting all the goals set for the year 2000. Statewide, student attendance and promotion rates are close to the 2000 goals, but at least half the school systems did not meet the 2000 goals for dropout rates and the value-added assessment in math, reading, and language arts. In addition, results of the Tennessee Comprehensive Assessment Program Achievement Test show that students in certain grades are not mastering the state's math and language arts curricula (page 11).

Department Should Continue Improving Its School-System-Approval Process*

Although the department's school-system-approval process appears adequate for ensuring compliance with state laws and rules and regulations, the following changes could strengthen the process: including performance measures, placing on "warning" status school systems that do not meet approval criteria, and actively assisting those systems. These changes could help schools improve and provide the public a more complete and accurate report on the quality of education (page 16).

* Related issues were also discussed in the February 1990 performance audit of the department and board.

Some Systems May Have Difficulty Providing the Technical Path

The State Board of Education's High School Policy requires students choosing the technical path to take the core curriculum and a four-unit program of study focusing on a particular technical area. However, some smaller systems may not be able to provide a comprehensive technical path because of a lack of resources (e.g., up-to-date equipment and supplies) and limited course offerings. It is difficult to determine the extent of the problem because systems are inconsistent in how they count the number of vocational education programs offered and because the department does not request that schools submit information on the number of students in the technical path or their chosen programs of study (page 19).

Department Should Continue to Evaluate Its Performance Measures for Vocational Education Programs

Systems are reviewed every five years, except for systems accredited by the Southern Association of Colleges and Schools (these systems are reviewed every ten years, with a "minivisit" after five years). In addition, as required by federal law, the department annually gathers information about how school systems' vocational education programs are performing. However, weaknesses in some of this performance information (e.g., lack of an objective measure of competency, problems with the way the testing instrument is used) limit its usefulness to the department (page 22).

Not All Required Inspections of Child-Care Centers Have Been Made

The department has not met statutory requirements to make two visits a year, one unannounced, to nearly 370 child-care centers run by public schools and church-related schools. Until January 1996, one staff person performed all the inspections throughout the state. Since then one additional person has been added to review about 100 centers in East Tennessee. However, caseloads are still greater than the 50 to 75 centers recommended by the National Association for the Education of Young Children or the Department of Human Services' average caseload of 67 centers (page 24).

Early Childhood Education Programs Needed

Studies have shown that early childhood programs for "at-risk" children can lead to enhanced school achievement, higher earnings, and decreased involvement with the criminal justice system. The State Board of Education developed an early childhood education plan, as required by law, and recommended early childhood pilot programs in its master plans and funding needs studies. The board estimated that 12,000 of the 45,000 at-risk children do not have the opportunity to participate in an early childhood program. Although a bill authorizing pilot programs was passed in 1996, no funding was provided (page 26).

School Systems Not Required to Have Fire Safety Inspections

Schools are required by State Board of Education rules to observe the fire safety regulations and procedures of the Tennessee Fire Marshal's Office. However, there is no requirement that schools be inspected periodically by a fire marshal, and it appears that some schools are not regularly inspected by either a local fire marshal or by State Fire Marshal staff. The Department of Education and the State Fire Marshal's Office do not know how many of the 1,554 schools are being inspected (page 28).

School Bus Responsibilities Should Be Transferred to the Department of Safety

The Departments of Education and Safety share responsibilities for school bus and driver safety, but the Department of Safety appears better suited to perform all the responsibilities. The Department of Education receives school bus accident reports, issues waivers for buses that have over 12 years of service or carry more students than the rated capacity, and ensures that buses purchased by school systems meet federal minimum specifications. The Department of Safety issues bus drivers' licenses, trains bus drivers, and inspects buses annually. If one department dealt with all bus safety issues, the result would be more efficient and effective regulation. The Department of Safety has staff with the needed expertise; the only Department of Education staff member with extensive knowledge of school bus safety retired in 1995 (page 29).

Revisions to the Financial Management Manual Not Completed

The department has begun, but not yet completed, revising the *Tennessee Internal School Financial Management Manual*, which was last revised in 1988. The department is required by law to prepare a uniform accounting manual for local school systems and each school system is required to maintain activity fund books and records in accordance with the manual. Clarifications and additions would help ensure that school systems follow state requirements (page 31).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues that affect the operations of the Department of Education and the citizens of Tennessee: the lack of criminal background checks of child-care center staff, the differences in regulation of child-care centers operated by church-related schools and centers operated by churches, inconsistencies in the state's home school laws, and the Tech Prep program (page 5).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider (1) making the testing requirements the same for all independent and church-related home schools; (2) providing funding for early childhood programs to help children who are at risk of failing in school; (3) amending statutes to transfer certain bus safety responsibilities from the Department of Education to the Department of Safety; and (4) clarifying statute to indicate what areas the department's uniform accounting manual should cover and what types of activity fund expenditures are proper (page 34).

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 741-3697

PERFORMANCE AUDIT
DEPARTMENT OF EDUCATION
STATE BOARD OF EDUCATION

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTION</u>	1
Purpose and Authority for the Audit	1
Objectives of the Audit	1
Scope and Methodology of the Audit	1
Office of Education Accountability	2
Organization and Statutory Duties	2
<u>OBSERVATIONS AND COMMENTS</u>	5
• No Criminal Background Checks of Child-Care Center Staff	5
• Differences in Regulation of Child-Care Centers	6
• Inconsistent Home School Laws	6
• Tech Prep Concerns	8
<u>FINDINGS AND RECOMMENDATIONS</u>	11
1. Some school systems may not meet performance goals	11
2. The department should continue improving its school-system-approval process	16
3. Some systems may have difficulties providing the technical path required by statute	19
4. The department should continue to evaluate its performance measures for vocational education programs	22
5. The department has not made all required inspections of child-care centers	24
6. Early childhood education programs are needed	26
7. School systems are not required to have fire safety inspections	28
8. School bus responsibilities should be transferred to the Department of Safety	29
9. The department has not completed revisions to the financial management manual	31

TABLE OF CONTENTS (CONT.)

	<u>Page</u>
<u>RECOMMENDATIONS</u>	34
Legislative	34
Administrative	34

PERFORMANCE AUDIT
DEPARTMENT OF EDUCATION
STATE BOARD OF EDUCATION

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Department of Education and the State Board of Education was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-219, the department and the board are scheduled to terminate June 30, 1998. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the department and board and to report to the Joint Government Operations Committee of the General Assembly. The performance audit is intended to aid the committee in determining whether the department and the board should be abolished, continued, or restructured.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine the authority and responsibility mandated to the department and board by the General Assembly,
2. to determine the extent to which the department has met its legislative mandate,
3. to evaluate the effect of the board's rules and policies on the department's activities and the need for changes in those rules and policies,
4. to evaluate the efficiency and effectiveness of the department's activities and programs, and
5. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the department.

SCOPE AND METHODOLOGY OF THE AUDIT

The department's activities and procedures were reviewed, with the focus on procedures in effect at the time of field work (November 1995 to April 1996). The audit was conducted in accordance with generally accepted government auditing standards and included

1. review of applicable legislation, state board rules and regulations, and department policies and procedures;
2. examination of the department's files, reports, school system Report Cards and other performance data, and state board reports and studies;
3. review of other states' audit reports and other reports on trends and changes in education; and
4. interviews with staff of the department, the board, the Tennessee Education Association, the Tennessee Organization of School Superintendents, the Tennessee School Board Association, the Department of Human Services, the Tennessee Commission on Children and Youth, the Office of Education Accountability in the Office of the Comptroller of the Treasury, and Departments of Education in other states.

OFFICE OF EDUCATION ACCOUNTABILITY

Ongoing oversight of the state's K-12 education system is provided by the Comptroller of the Treasury's Office of Education Accountability, which was established in 1994 to monitor the performance of Tennessee's elementary and secondary school systems and to provide the General Assembly reports on a variety of education topics. Office reports issued thus far have covered topics such as alternative schools, the Tennessee Value Added Assessment System, the Tennessee Education Network, and the State Board of Education.

ORGANIZATION AND STATUTORY DUTIES

Department of Education

The Department of Education was created by Section 4-3-801, *Tennessee Code Annotated*. According to Section 49-1-201, the Commissioner of Education is expected to

- implement law or policies established by the General Assembly or the State Board of Education and ensure that these laws and the board's regulations are faithfully executed;
- collect and publish statistics and other information about the public school system;
- inspect and survey public schools;
- submit annually to the Governor a detailed report on the condition and progress of public schools;
- inspect, approve, and classify private schools at their request;

- present to the State Board for its action rules and regulations necessary to implement board policies or state law;
- conduct a public information program concerning public schools, subject to the approval of the State Board; and
- inspect and approve child-care centers operated by church-related schools.

The Department of Education is headed by a commissioner who reports directly to the Governor. The offices of internal audit, communication services, personnel services, legal services, certification and licensing, and special programs, along with the six regional offices report to a deputy commissioner. The remainder of the department is organized into two divisions headed by assistant commissioners: Finance, Accountability, and Technology and Teaching and Learning.

Within the **Division of Finance, Accountability, and Technology** is the Office of Accountability and Assessment which is responsible for student assessment, school approval and accreditation, and the career ladder program. Also in this division are the offices of Administrative Services, Budget and Planning, Local Finance and Administrative Services, and Technology Infrastructure and Systems Support.

Within the **Division of Teaching and Learning** are the following offices: Curriculum and Instruction, Special Education, Vocational Education, and Training and Professional Development. The Office of Curriculum and Instruction develops curriculum frameworks and provides curriculum assistance, including in-service training, to schools; manages federal programs; and administers auxiliary programs such as alternative schools.

The Office of Special Education administers programs for children with disabilities, early intervention services for eligible children ages 0-2, and four special schools: the Tennessee School for the Blind in Nashville, Tennessee School for the Deaf in Knoxville, West Tennessee School for the Deaf in Jackson, and York Agricultural Institute in Jamestown.

The Office of Vocational Education provides specialized services to the state's high school students to help them become employable. The office develops curriculum frameworks, monitors school systems for compliance with federal laws, and provides technical assistance to school systems.

The Office of Training and Professional Development provides training for local school system officials and staff.

State Board of Education

The board's duties listed in Section 49-1-302, *Tennessee Code Annotated*, are to

- study programs of instruction in public schools, analyze the needs of public schools, and include its conclusions in its annual recommendations to the Governor and General Assembly for the funding of public education;
- set policies for completing elementary, middle, junior high, and senior high school; for evaluating student progress and achievement; for evaluating teachers; and for measuring the educational achievement of individual schools;
- develop a master plan for public education;
- develop and adopt policies and formulas for the fair and equitable distribution of funds for public education and make recommendations regarding the use of the funds;
- adopt policies governing the qualifications, requirements, and standards for (and provide the licenses and certificates for) all public school teachers, principals, assistant principals, supervisors, and superintendents;
- set policies for graduation requirements;
- set policies for the review, approval or disapproval, and classification of all public schools;
- set policies governing all curricula and courses of study in public schools;
- prescribe the use of textbooks and other instructional material based on recommendations of the State Textbook Commission;
- meet jointly with the Tennessee Higher Education Commission and the Commissioner of Education at least annually to review the expenditures and programs of public education and jointly provide a report to the Governor, the General Assembly, and all public schools and institutions of higher learning and their respective governing boards;
- act on rules and regulations prepared by the Commissioner of Education in order to implement board policies, standards, or guidelines;
- approve regulations, certification standards, and evaluation criteria of the State Certification Commission;

- determine ways and means of improving teacher, student, and school performance and set policies to accomplish these improvements;
- provide, in association with the Commissioner of Education, an annual report on teacher, student, and school performance to the Governor and the General Assembly;
- develop a professional credentialing program for school principals;
- develop and provide school systems guidelines and criteria for evaluating all certified employees;
- develop and adopt rules and regulations to achieve a duty-free lunch period for all teachers;
- adopt rules, upon the commissioner’s recommendation, permitting local school boards to operate ungraded and/or unstructured K-3 classes; and
- adopt rules, upon the commissioner’s recommendation, urging local boards of education to establish goals for recruitment, employment, and retention of African-American teachers.

According to Section 49-1-301, *Tennessee Code Annotated*, the board is to be composed of nine members (appointed by the Governor) representing the nine congressional districts; one high school student appointed by the Governor; and the Executive Director of the Tennessee Higher Education Commission (nonvoting). The board has an executive director and six other staff (an administrative assistant, three research associates, and two support staff).

OBSERVATIONS AND COMMENTS

The issues discussed below did not warrant findings but are included in this report because of their effect or potential effect on the operations of the Department of Education and on the citizens of Tennessee.

No Criminal Background Checks of Child-Care Center Staff

The Tennessee Bureau of Investigation (TBI) is required by law to establish and maintain a registry to screen child-care providers. The registry is to contain the names and fingerprints of those persons who have committed child sexual abuse or “severe child abuse.” Currently, the

Department of Education and the Department of Human Services (DHS) do not require that the child-care agencies they license screen staff (or potential staff) through this registry.

Tennessee Code Annotated does not require the screening of child-care providers through the registry, stating only that child welfare agencies, such as child-care agencies, **may** require job applicants to submit to a criminal history records check. The Department of Human Services has eliminated the screening requirement from its standards; however, the standards still prohibit day-care operators from hiring anyone who has been charged with or convicted of a crime involving a child or a violent crime. The Department of Education's standards, which are required by law to be identical to DHS' standards, still require staff of child-care centers to be screened through the registry. However, department staff stated that this requirement will be deleted when standards are revised.

Cost is one reason child welfare agencies do not check applicants' criminal backgrounds. The TBI charges the Department of Human Services (with which it has a user agreement) about \$50 per check. In addition, officials from both the Department of Education and the Department of Human Services have expressed concerns over the years about the effectiveness of criminal background checks, citing the experiences of other states, the limited coverage of the law (in terms of who would be screened), and the fear that badly needed funding would be diverted from child care and interventions for abused children and their families. Department of Education management stated that there is a desperate need to provide more, affordable training for caregivers and child-care providers. In an attempt to meet that need the Departments of Education and Human Services are collaborating to develop a new training system and provide technical assistance to help better ensure the safety and welfare of children enrolled in the child-care system.

Differences in Regulation of Child-Care Centers

The Department of Education is responsible for inspecting and approving child-care centers operated by church-related schools, but the Department of Human Services is responsible for inspecting and licensing child-care centers operated by churches. Centers that are approved instead of licensed have to meet the same standards, but the sanctioning process is different. The Department of Education cannot force a center operated by a church-related school to correct problems or close the center when it does not meet standards. Instead, the department must go through the local association to which the center belongs. (All church-related schools are required to meet the standards of accreditation or membership of an association such as the Tennessee Association of Christian Schools or the Tennessee Association of Independent Schools.) Department staff stated that, thus far, the associations have been cooperative in assisting the department in ensuring centers' compliance with standards or in closing noncompliant centers.

Inconsistent Home School Laws

State law places different requirements on parents who conduct home schools depending on whether they register with their local school system or with a church-related organization.

According to department records, there are 2,474 home schools—1,971 independent and 503 church-related. (This does not include students in church-related home schools in grades 1-8 because their parents do not have to register with the local system until grade 9.)

Parents who register through the local system (independent home school) must have a high school diploma or GED to teach grades K-8 and a baccalaureate degree (or an exemption) to teach grades 9-12. Parents who register through a church-related organization are not required by state law to have any qualifications to teach grades K-8, but are required to have a diploma or GED to teach grades 9-12.

Testing requirements differ as well. Independent home school parents must have their children tested in grades 2, 5, 7, and 9. Children in church-related schools do not have to be tested until grades 9-12. Home school students must take the local education agency's standardized tests for that grade level, administered by someone outside the home, such as the local education agency, a professional testing service, or a church-related association.

Recent changes in the Department of Education's testing procedures will affect home school students, particularly those in church-related home schools. The tenth grade Tennessee Comprehensive Assessment Program (TCAP) test, which was also taken by church-related home school students, has been eliminated for public school students because they will be taking end-of-course tests. These tests are being developed and are mandated in all disciplines at the secondary level by 1998; five different math tests will be given next year. As a result, it appears that independent home school students will have to take the end-of-course tests only in grade 9, and church-related home school students will have to take these tests in each grade 9-12.

State law requires that church-related home school students be enrolled in school if they fall behind the average level of achievement on two consecutive tests. The superintendent may require independent home school students to enroll if they fall more than one year behind their grade level for two consecutive tests. However, although it does receive the test scores, the department does not keep information on whether students have been required to enroll in local schools.

To ensure consistency and fairness to all home school students, the General Assembly may wish to consider making the testing requirements the same for all independent and church-related home schools. Requiring church-related home school students to be tested during the early grades should help identify problems earlier and ensure an adequate education.

Department of Education's Comment:

We concur with the audit findings on the inconsistency of the requirements for parents/teachers who register with the local education agency and a church-related school. To correct the inconsistencies would require legislative action.

Tech Prep Concerns

Tech Prep is a program designed to link a high school student's applied academic and technology courses to two years of college courses and to lead to an associate degree or a technical certificate. Federal regulation specifically defines a Tech Prep Education Program as a "2+2 program," meaning that programs must consist of two years of secondary school preceding graduation and two years of higher education, or an apprenticeship training program of at least two years following secondary instruction. The goal of Tech Prep is to increase the likelihood that students will continue their education and be adequately prepared to enter a post-secondary program. Tech Prep is also intended to eliminate duplication between secondary and post-secondary programs. The department and the Tennessee Board of Regents implemented Tech Prep in response to the Carl Perkins Vocational and Applied Technology Act of 1990.

Our review of the Tech Prep Program raised the following concerns:

Number of Students in Tech Prep Programs. Because of a discrepancy in how the department and the Board of Regents define "Tech Prep students," it is difficult to determine how many students the program is affecting and, thus, how successful the program is. The department defines a "Tech Prep student" as one enrolled in an articulated program of study. In such a program, the school system has an articulation agreement with a local technology center or community college that will allow the student to receive credit for the program's courses when he or she enrolls at the center/college. Most articulation agreements require that the student take a certain number of hours or enroll within a certain length of time to receive the credit. According to the Tech Prep Annual Performance Report for fiscal year 1995 (issued jointly by the department and the Tennessee Board of Regents), only 15,012 secondary students are formally enrolled in an articulated Tech Prep program of study.

However, the Tech Prep Annual Performance Report indicated that 50,041 secondary students statewide are being served by Tech Prep. This number is based on the Board of Regents' three definitions of Tech Prep students: (1) students who are formally enrolled in an articulated program of study leading to an associate's degree or a two-year technical degree, (2) students who are participants in an applied academic course or are enrolled in a vocational career major, and (3) students who are enrolled in the technical path under the High School Policy. (The High School Policy requires that all students pursue a focused program of study preparing them for post-secondary study. Students select either a university preparatory or technical preparation curriculum.)

Articulation Agreements. Approximately 96 percent of school systems are members of consortia, indicating agreements to articulate. However, this is only the first step in the articulation process. Without a signed articulation agreement, Tech Prep students have no assurance they will receive college credit for classes taken in high school. As of June 30, 1995, only 15,000 of the 50,000 students taking Tech Prep classes were formally enrolled in a program of study covered by a signed articulation agreement. The Dyersburg State Community College consortium had no signed articulation agreements as of June 1995 and had only one signed agreement as of August 1996.

Alignment of Secondary and Post-secondary Curricula. According to staff at both the Board of Regents and the department, secondary and post-secondary curricula have not yet been aligned. Therefore, true articulation cannot occur because no one has determined which secondary classes are equivalent to post-secondary courses. The U.S. Department of Education cited a jointly designed, developed, and delivered Tech Prep curriculum as integral to the success of a Tech Prep Education Program.

The department and the Board of Regents should work together (1) to formulate a common definition of Tech Prep so that correct counts can be made and the program's impact can be determined, (2) to align the secondary and post-secondary curricula, and (3) to improve articulation between the school systems and the technology centers/community colleges.

Department of Education's Comment:

Number of Students in Tech-Prep. As a major initiative for educational reform, the Tech-Prep Educational Program is designed to improve the quality and relevance of educational opportunities for a broad array of students. In its amendments to the Tech-Prep Act, Congress expanded its original "2+2" design to be inclusive of grades 9 through 14 with connections addressing upper level college and university students.

In the design of the Act, articulation, arguably an essential key to Tech-Prep, is one of the seven essential elements prescribed for Tech-Prep programs. The challenge of developing a definition which is suitable for documenting the impact on students served while tracking students served within articulated programs has been difficult throughout the nation. Tennessee's three-level definition was developed to try to meet both objectives.

The larger number of students reported in the Tech-Prep Annual Performance Report represents an incomplete count of those students served through the Tech-Prep activities of the Tech-Prep Consortia and member institutions. The 50,041 total represents the sum of students counted under definition levels 1, 2, and 3 and reported by Tech-Prep Consortium member institutions across the state. The smaller number (15,012) represents the sum of students counted under definition level 1 and are represented as articulated students.

Articulation Agreements. The sole purpose of articulation agreements is not to award high school credit for college courses. High school courses by purpose and design are different from college courses. One purpose of articulation agreements is to eliminate unnecessary duplication of instruction. That purpose has been addressed in an impressive number of articulation negotiations and agreements accomplished by Tech-Prep Consortium institutions in Tennessee.

Alignment of Secondary and Post-secondary Curricula. In addition to the continuing work of consortium members on local articulation agreements, the Task Force on Statewide Tech-Prep Articulation has developed a plan and process for a system of statewide Tech-Prep articulation agreements in five key occupational clusters. These will be aligned with the School-to-Career

clusters. The State Department of Education and the Tennessee Board of Regents have agreed on a budget of \$117,000 for the first year of work on this essential but challenging task.

This plan includes cluster teams representing statewide secondary and post-secondary educators and related business and labor to design a coherent curricula scope and sequence for secondary and post-secondary that will be driven by industry standards.

FINDINGS AND RECOMMENDATIONS

SOME SCHOOL SYSTEMS MAY NOT MEET PERFORMANCE GOALS

1. FINDING:

The Education Improvement Act of 1992 required that the commissioner recommend, and the State Board of Education approve, performance goals for school systems in the areas of academic gain, dropout rate, and attendance rate, and others established by the board. (See Exhibit 1.) In addition to the overall goals, which are to be achieved by the year 2000, annual performance standards are also set for each school system. A review of the 139 public school systems' 1995-96 performance indicated that many systems may have difficulty meeting all the 2000 performance goals.

Statewide, student attendance and promotion rates are close to the 2000 goals, but at least half the school systems did not meet the 2000 goals for dropout rates and the value-added assessment in math, reading, and language arts (see Exhibit 2). In addition, results of the Tennessee Comprehensive Assessment Program (TCAP) Achievement Test show that students in certain grades are not mastering the state's math and language arts curricula.

Attendance and Promotion Rates

School systems are close to meeting the 2000 goals. The 1995-96 attendance rate for grades K-6 was 94.9 percent, just shy of the 95 percent goal. The 2000 goal for grades 7-12 is 93 percent; the 1995-96 attendance rate was 92.1 percent. The promotion rate goal is 97 percent; the 1995-96 rate was 96.6 percent.

Dropout Rate

The statewide dropout rate for 1995-96 was 16.4 percent, a significant drop from the 1990-91 rate of 23 percent. However, the goal is a dropout rate of no more than 10 percent for grades 9-12. In 1995-96, 88 school systems (63 percent) had dropout rates ranging from 10.1 percent to 35.2 percent. Eighteen systems had rates of 20 percent or more.

EXHIBIT 1

Performance Goals (to Be Achieved by the Year 2000) for Tennessee School Systems*

Goal I - Academic Gain

Each school system shall demonstrate an average gain in reading, language, mathematics, science, and social studies at each grade in grades 3 through 8 that is equal to or greater than the average national gain (i.e., 100 percent) as measured by scale scores (plus or minus two standard errors of measurement) on the TCAP norm-referenced tests.

Goal II - Promotion

Each school system shall maintain an overall student promotion rate of at least 97 percent in grades K-8.

Goal III - Dropouts

Each school system shall attain a dropout rate of no more than 10 percent for grades 9 through 12.

Goal IV - Attendance

Each school system shall maintain an overall average attendance rate of at least 95 percent for students in grades K-6 and 93 percent for students in grades 7-12.

* The State Board of Education established a goal for the TCAP Proficiency Test in 1994. The Proficiency Test has been replaced by a new upgraded TCAP Competency Test. Goals will be set for performance on the Competency Test after three years of data are available.

Source: State Board of Education

EXHIBIT 2

School Systems That Met or Exceeded Year 2000 Goals(a)
November 1996 Report Card

	<u>Low-High Rate</u>	Systems Meeting or Exceeding Goal		Systems Not Meeting Goal		Not Applicable(b)	
% Dropout Rate	0%-35.2%	32	23%	88	63%	19	14%
% Attendance Rate							
K-6	92.0%-97.3%	94	68%	44	32%	1	1%
7-12	87.8%-97.3%	84	60%	51	37%	4	3%
% Promotion Rate	91.4%-99.9%	77	55%	61	44%	1	1%
Value-Added Assessment (c)	<u>Low-High Gains</u>						
Math	70.2%-123.9%	24	17%	114	82%	1	1%
Reading	72.3%-124.0%	50	36%	88	63%	1	1%
Language Arts	57.2%-161.4%	69	50%	69	50%	1	1%
Social Studies	76.1%-131.9%	83	60%	55	40%	1	1%
Science	71.4%-134.2%	77	55%	61	44%	1	1%

Notes: a. See Exhibit 1 for the goals.

- b. These school systems did not have students in the grades tested or covered by the goal.
- c. According to Section 49-1-601, *Tennessee Code Annotated*, the goal is for all school systems to have mean rates of gain equal to or greater than the national norm gain. If school systems do not meet this goal, they are expected to make statistically significant progress toward that goal. This exhibit shows the systems not meeting the goal, but does not include information regarding systems making statistically significant progress.

Source: Twenty-first Century Report Card.

Results of the TCAP Achievement Test

The TCAP Achievement Test combines a norm-referenced component with a criterion-referenced component and is administered to children in grades two through eight. The norm-referenced test compares the achievement of Tennessee students with that of students at the same grade level nationally. The criterion-referenced test measures how well students have mastered the language arts and math curricula and whether objectives are being met.

Norm-Referenced Test

The results of the norm-referenced tests are used in the Tennessee Value Added Assessment System (TVAAS) to determine academic gain. The value-added assessment measures the progress or academic growth made each year in reading, language arts, math, science, and social studies by students in grades three through eight.

The goal under TVAAS is for all school districts to have an average gain greater than or equal to the national norm gain in the five subject areas. If school systems do not meet this goal, they are expected to make statistically significant progress toward that goal. Progress in meeting achievement goals is measured by using average cumulative gains over three-year periods to lessen the effect of any unusual occurrences during any one reporting year. Overall Tennessee students were above national norms in language arts (100.7%), social studies (102.2%), and science (101.1%), but below in math (93.0%) and reading (96.6%). Sixty-three percent of systems did not meet the reading goal; 50 percent, the language arts goal; 40 percent, the social studies goal; and 44 percent, the science goal (see Exhibit 2). In 1995-96, 82 percent of school systems did not meet the math goal for value-added assessment.

The students' actual test scores on the norm-referenced test are clustered in the range considered average.

Criterion-Referenced Test

Although goals have not been set for the criterion-referenced test, which measures performance on the state math and language arts curricula, the test scores do show a lack of mastery in some areas. In the criterion-referenced portion, a score of 75 to 100 percent is considered to indicate mastery; 50 to 74 percent, partial mastery; and 0 to 49 percent, non-mastery. According to the department's *1995-1996 Tennessee Student Test Results*, the statewide mastery of grade-level mathematics objectives ranged from mastery of decimals by 97 percent of third graders to mastery of decimals by only 8 percent of seventh graders. For language arts, the range was narrower—the percent of students mastering grade-level objectives ranged from 77 percent to 38 percent.

Mastery of math in particular seems to begin to decrease in or after the fifth grade. For example, in the fourth grade, at least 50 percent of students showed mastery in all

math areas except decimals (25 percent) and geometry (41 percent). In the fifth grade, less than 25 percent of students showed mastery in fractions and measurement, and less than 50 percent of students showed mastery in numeration, probability/statistics, decimals, and geometry. Forty percent or less of sixth and seventh graders showed mastery in nine of the ten math areas tested.

Results of the TCAP Competency Test

Students have not done as well on the TCAP Competency Test thus far as they did on the previously used Tennessee Proficiency Test. The TCAP Competency Test was administered for the first time in 1994-95. Test results showed that 78 percent of students (excluding special education students) passed language arts, 66 percent passed math, and only 61 percent passed both parts of the test on their first attempt. The 1995-96 results showed improvement—80 percent of students passed language arts, 71 percent passed math, and 66 percent passed both parts. The State Board of Education will establish goals when three years of data are available.

The TCAP Competency Test is designed to ensure that all students who graduate from public schools with a regular diploma have demonstrated competency in a common set of minimum basic skills. The test consists of two parts—math and language arts. In accordance with the Education Improvement Act and State Board policy, the test was revised to require higher levels of competency with increased emphasis on problem solving. The test now covers content introduced by the end of the eighth grade whereas the previously used Proficiency Test covered content introduced by the end of the sixth grade. Students first take the exam as ninth graders and may retake parts as often as necessary to achieve passing scores.

RECOMMENDATION:

The department and board should consider whether the 2000 goals are realistic for all school systems. The department should then identify and provide help for systems that may not meet performance goals. (State law already requires the department to conduct a comprehensive study of systems the department puts on probation for failure to meet performance standards or comply with rules and regulations. However, the department has not put any systems on probation thus far. By conducting such a study as soon as problems are identified, the department could help correct those problems and improve performance before it is necessary to put the systems on probation.)

MANAGEMENT’S COMMENTS:

Department of Education:

We concur. The Division of Finance, Accountability, and Technology is currently developing the Tennessee School Improvement Planning Process which is performance-focused. This model will analyze the specific needs of schools and systems to more effectively assist in the development of improvement plans. A trainer of trainers model will be used to provide personnel to work directly with the schools and systems to help in goal attainment.

State Board of Education:

We concur. The board will work with the Department of Education to consider whether the goals are realistic for all school systems. The goal for academic gain is established by statute. The other goals can be reexamined.

THE DEPARTMENT SHOULD CONTINUE IMPROVING ITS SCHOOL-SYSTEM-
APPROVAL PROCESS

2. FINDING:

Although the department’s school-system-approval process appears adequate for ensuring compliance with state laws and rules and regulations, the following changes could strengthen the process: including performance measures, placing on “warning” status school systems that do not meet approval criteria, and actively assisting those systems. (Schools on “warning” status would be required to show corrective action or improvement in the deficient area in order to be approved.) These changes could help schools improve and provide the public a more complete and accurate report on the quality of education.

School-Approval Process

The department is required by Section 49-1-201, *Tennessee Code Annotated*, to make tours of inspection and survey among the public schools. State Board of Education Rule 0520-1-3-.01 requires the department to inspect and approve school systems. The purpose of the school-approval process is to ensure that schools are following state laws and the State Board’s minimum rules and regulations. Using a checklist, school systems self-report their compliance each year. At about the same time, the systems also submit information on class sizes, the number of oversized classes, and the number of school days

and teacher in-service days. Teachers also fill out forms disclosing whether they have the proper endorsements (i.e., they have met State Board of Education requirements) for the classes they are teaching. This information is also used to determine, among other things, whether school systems have requested permits and waivers from the department for those teachers who are not properly licensed and for schools that have oversized classes. (Systems are eligible for waivers allowing classes to be up to 10 percent larger than the maximum class sizes set by the board.)

In addition to the annual approval process, accountability audits of each school system are conducted by the department's internal audit staff every three years. Common problems found in these audits are oversized classes, teachers without proper endorsements, outdated textbooks, and inadequate library holdings. The internal auditors also review Basic Education Program expenditures, school transportation, and the Twenty-First Century Classroom Program.

Approval Status

The current school-approval process does not provide incentive for correcting deficiencies. There is no warning status for schools that are not meeting requirements. Under board rules, a school is either approved or not approved for a given year. If a school is not approved (and timely corrective action is not taken), the Commissioner of Education is authorized to withhold state funds for all or part of the school year. Because this sanction is so severe and could adversely affect students and teachers, systems with deficiencies are approved, as long as they have begun to implement acceptable plans for correction. Thus far, no system has failed to be approved and no funds have been withheld. In the 1994-95 school year, one system was approved after the school year was over.

In the 1995-96 school year, only 22 of 139 school systems were in full compliance at the time of the school approval meeting in February 1996. Systems' problems included oversized classes, teachers without the proper endorsement or license, and inadequate facilities. Another approval status is needed for systems that have deficiencies but do not have deficiencies serious enough to withhold approval. A warning status, for instance, would inform the school system, the department, and the public that the system has problems and encourage correction of deficiencies.

Performance Measures Information

No performance measures are used in the current school-approval process. A school system may be approved yet still not do well on the performance measures discussed on page 12. A school-approval system which uses performance measures would help to identify schools in need of departmental assistance. Although state law gives the department the authority to put systems on probation and to remove the school board and

superintendent, the department could lessen the need for such measures by identifying systems likely not to achieve performance goals, putting these systems on warning status, and providing the help needed to improve performance.

At least three other states emphasize performance goals in their school accountability systems. A main part of the Kentucky accountability program is a state accountability index developed for each school. Based on test performance, school attendance, dropout rate, graduation rate, and other performance data, the index is used to determine improvement goals for each school for the upcoming year. If it does not meet the expected goals, the school has to develop a school improvement plan and meet deadlines for those goals.

North Carolina recently adopted a school accountability program that emphasizes school performance on tests and site-based management. Evaluations help determine the percentage of children at each school who perform at their grade level and the percentage of children improving on test scores from year to year. If a school does not perform adequately for three consecutive years, a review team from the Department of Education goes in to determine if progress is being made. If the school is not making progress, the State Board of Education could take over the school by removing the principal and teachers. In Idaho, performance goals are used as criteria for accreditation, and schools that do not achieve certain goals may not be accredited and may eventually lose funding.

RECOMMENDATION:

The State Board of Education should revise its rules on approval classifications for school systems, to provide for a warning status for systems not in compliance with the rules and/or not performing adequately. The Department of Education should then include the warning status in its school-approval process.

Performance measures should be used in the school-approval process. Test scores, value-added assessment, and performance goals should all be considered when approving a school system and when determining how to better its performance. A team including departmental consultants should visit schools on warning status to assist in correcting problems. The team should follow up to verify that performance improves.

MANAGEMENT'S COMMENTS:

Department of Education:

This recommendation is directed to the State Board of Education. While the board promulgates rules, the department works with the local school systems to implement the rules. With the State Board of Education's concurrence and revision of

rules on approval classifications for school systems, the department concurs and will include any new classifications in the school-approval process.

State Board of Education:

We concur. The board will work with the Department of Education and others to revise its rules on approval classifications to provide for a warning status for systems not in compliance with the rules and/or not performing adequately and to provide assistance to school systems on warning status. As part of a comprehensive review of the accountability system, the board will consider the development of an accountability index as suggested in the audit report.

SOME SYSTEMS MAY HAVE DIFFICULTIES PROVIDING THE
TECHNICAL PATH REQUIRED BY STATUTE

3. FINDING:

Under Section 49-1-212, *Tennessee Code Annotated*, the commissioner is required to develop, and the State Board of Education is required to approve, a high school curriculum that will prepare students to be successful in the twenty-first century. This curriculum is to include two tracks: one for college-bound students and one for students entering the work force. The State Board's High School Policy (adopted in 1993) requires students choosing the technical path to take the core curriculum and a four-unit program of study focusing on a particular technical area. However, some school systems may have difficulties providing the vocational courses necessary to meet the criteria of the technical path.

According to staff in both the central office and district offices, some smaller systems may not be able to provide a comprehensive technical path because of a lack of resources (e.g., up-to-date equipment and supplies) and limited course offerings. A review of local education plans showed that several systems do not have the required four courses in a program area. However, it is difficult to determine the extent of the problem (and identify school systems that need assistance) because systems are inconsistent in how they count the number of vocational education programs offered and because the department does not request that schools submit information on the number of students in the technical path or their chosen programs of study.

The department's ability to gather and analyze needed information concerning the technical path and offer assistance to systems is limited by the 16 vocational education consultants' many other responsibilities. (There are seven program area consultants, three

regional consultants, and six district consultants.) In addition to their in-service training, technical assistance, and curriculum development responsibilities, many of the consultants spend hours working with student organizations such as the Future Farmers of America. These duties include planning conferences and district, regional, and state competitions; supervising officers; preparing newsletters; and judging contests. Also, the district consultants, who are paid from the vocational education division budget, spend about half their time on duties unrelated to vocational education (e.g., school approval, career ladder).

Even with technical assistance, some systems may not be able to provide enough courses. Possible solutions for these systems include work-based learning, multi-system vocational centers, and increased use of the Board of Regents' technology centers. Although a target group for the technology centers, high school youth's use of the centers is low. Based on the Technology Centers' System-Wide Strategic Plan, secondary students made up only 2.6 percent of the average enrollment for the period 1992-1996. Nine of the 26 centers served or planned to serve secondary students each year during that period. The traveling distance from the school to the technology center and the lack of openings in classes may limit some schools' use of the centers. However, the centers do provide an option that may currently be underutilized.

RECOMMENDATION:

The department should develop a process for obtaining accurate and consistent information on the number of students in the technical path and their chosen programs of study. The department's vocational education consultants should then assess each system and assist those systems that are not providing an adequate technical path.

The department should evaluate the duties and workload of the vocational education consultants and reallocate some of the consultants' duties, as needed, to allow for increased assistance to school systems that have not met the criteria of the technical path.

MANAGEMENT'S COMMENTS:

Department of Education:

We concur with the finding. State Board of Education policy does not prescribe the contents of the technical path. The Division of Vocational-Technical Education suggests that three vocational courses and one directly related course be offered as minimum compliance. To fully comply with the intent of the high school policy, four units in a vocational concentration, is difficult. An alternative to course offerings in the rural community is work-based learning. This concept is appreciated by superintendents of school systems. Youth apprenticeship is another concept being piloted to assist local education agencies. Other innovations currently being practiced across the state are cooperative

education, distance learning, educational cooperatives, and coordination with post-secondary education institutions.

A survey will be issued through the vocational directors' organization to determine a system for reporting technical pathway students. Should the student data system in the Department of Education not ask for this data, the Division of Vocational-Technical Education will compile it through the Management Information System or other methods recommended by the results of the surveys.

State Department of Education staff are providing technical assistance to the local education agencies in formulating a technical pathway plan to meet the mandates of the two-path system. With new funding of a School-to-Career concept in the state, it is expected the two pathways will be incorporated under the School-to-Career umbrella with more accountability expected by the department. Representatives from the local education agencies have continued to ask for assistance in formulating policy for their boards of education to consider.

Personnel. We have evaluated the duties of vocational education consultants and have consolidated duties. This effort took into account those consultants that have youth organization responsibility. New job descriptions will be written for the vocational consultants in the district offices, making them 100 percent vocational consultants. Supervision of the vocational consultants in the district offices will come from the central office in Nashville.

State Board of Education:

We concur. State Board of Education policy defines the technical path as consisting of a four-unit program of study focusing on a particular technical area. Local school systems determine the content of the various technical programs of study. We agree that school systems should be encouraged to use work-based learning and the technology centers in the design of technical programs. These features will receive new emphasis under the School-to-Career system, which envisions all students having such opportunities.

THE DEPARTMENT SHOULD CONTINUE TO EVALUATE ITS PERFORMANCE
MEASURES FOR VOCATIONAL EDUCATION PROGRAMS

4. FINDING:

The department coordinates the evaluations of vocational education programs to determine compliance with federal requirements. Systems are reviewed every five years, except for systems accredited by the Southern Association of Colleges and Schools (these systems are reviewed every ten years, with a “minivisit” after five years). In addition, as required by federal law, the department annually gathers information about how school systems’ vocational education programs are performing. However, weaknesses in some of the performance information gathered limit its usefulness to the department. Department staff expect that within two years federal laws and funding may change, and vocational education money will come from a block grant with few federal requirements. If this change occurs, the department will have the opportunity to reevaluate and revise its performance measures to focus on those measures that provide the most useful information.

The federal Carl Perkins law requires that every school system have standards and measures. Tennessee has four standards and measures for its vocational education programs: (1) academic gain, (2) occupational attainment, (3) employer satisfaction, and (4) placement. The measures for the last two standards appear to provide relevant and useful information. (The department contracts with the University of Tennessee to survey employers and with American College Testing (ACT) to survey students for placement and follow-up information.) However, the measures for occupational attainment and academic gain have flaws.

The occupational attainment standard is that 85 percent of the students meet 75 percent of competencies developed by department consultants. However, the level of attainment is based on teacher judgment rather than on an objective measure.

The department uses the Work Keys test to fulfill the federal academic gain requirement. However, according to staff at ACT (the test’s developer) and the department, the Work Keys test is designed to measure workplace readiness rather than academic gain. It cannot measure academic gain unless it is used in a pre-test/post-test format. The test assesses students in six areas (reading for information, applied mathematics, listening, writing, teamwork, and applied technology) and produces a student profile that can be used by potential employers.

Another problem with the Work Keys test is the time of year the test is given. Because it is given in the spring of the senior year, it cannot be used to identify and remedy problems before students graduate. Furthermore, because the test is required as an exit exam, students may be taking it for that reason only and may not be motivated to do their best.

RECOMMENDATION:

The department and board should determine the best performance measures for evaluating vocational education programs, collect and analyze the needed information, and use the results to improve the programs.

The department and board should consider what improvements would make the Work Keys test more useful to the department and to the students who take it. For example, if given in the tenth and twelfth grades, Work Keys could be more helpful in identifying problem areas.

MANAGEMENT'S COMMENTS:

Department of Education:

We concur with the finding.

Occupational Attainment. Occupational attainment is a measure that several states are using to gauge occupational workplace readiness. The standards and assessments states choose to evaluate the measure vary. The standard approval of states encompasses a range from a specific course test to teacher judgment. When Tennessee established this measure and standard, there was not an end-of-course test for all vocational courses. The Division of Vocational-Technical Education joined the Vocational-Technical Education Consortium (VTEC) to have access to test banks for vocational courses, expecting these course test banks would be used to measure this standard. However, VTEC did not fulfill the promise of developing tests for each vocational course. Therefore, Tennessee withdrew from VTEC. The current assessment is approved by the U.S. Department of Education as a valid assessment for this standard. There is an intent to change when the end-of-course tests are available as mandated in the Education Improvement Act. The present performance measures and standard assessment will be used for the 1996-97 school year as states are working under federal continuation funding and guidelines. It would seem prudent to use the approved measure and assessment for one more year.

Under modified guidelines that are apparent with the new law, the occupational attainment measure and standards assessment may not be used in Tennessee in the future. If the measure is continued, a new assessment will be established to give an objective measurement.

Academic Gain. The Division of Vocational-Technical Education previously recommended the use of Work Keys assessment as a pre-test at the tenth grade level and post-test at the twelfth grade. The cost of the test for two admissions prohibited this. Using value-added analysis, it was determined that academic gain could be determined by administering the test to each senior class at the same time and under the same conditions annually. It is true the Work Keys is not designed to measure academic gain but to offer

an occupational profile to the workplace. By comparing like items each year on the assessment, academic gain may be determined in most cases. However, the test answer choices do not give adequate differentiation to determine academic gain in every case.

The decision to give the Work Keys test late in the senior year was determined by the consideration that students should have the benefit of as much instruction as possible. Once this testing window decision was made, and to make the academic gain assessment valid, the test had to continue to be given at the same time and under the same conditions each year. Since the Work Keys assessment is used as an approved exit examination, some flexibility is given to the administration to test at different times of the year as well as flexibility on sections of the test given by the local education agencies.

The assessment of this standard is also approved by the United States Department of Education (USDE) for a measurement of the standard. In fact, the USDE measure-approving committee contractor complimented the use of a national assessment organization to measure the standard.

Academic gain will be measured by the end-of-course instruments once developed for the state.

State Board of Education:

We concur. The board will work with the department to determine the best measures for evaluating vocational education programs and to determine what improvements would make Work Keys more useful.

THE DEPARTMENT HAS NOT MADE ALL REQUIRED INSPECTIONS OF
CHILD-CARE CENTERS

5. FINDING:

The department is required by law to monitor nearly 370 child-care centers run by public schools and church-related schools, but it is not making the required visits. Although the department is required to make two visits a year, one unannounced, staff say they cannot visit each center twice a year. Of the 14 centers whose files were reviewed, none had two inspections during the 1994-95 and 1995-96 approval years, and two centers did not have even one inspection in 1994. Inspection checklists were not dated for five centers; therefore, the timeliness of those inspections could not be determined.

Until January 1996, one staff person performed all the inspections throughout the state. Since then, one additional person has been hired to review about 100 centers in East Tennessee. The National Association for the Education of Young Children recommends a workload of 50 centers and never more than 75 centers. The average workload for child-care licensing staff in the Department of Human Services is about 67 centers. The present caseloads of 100 to over 250 for Department of Education staff are excessive.

The department's minimum standards for child-care centers cover staff qualifications, children's records, adult/child ratios, safe and sufficient play equipment, behavior management, health and safety requirements, and physical facilities. Two visits a year help ensure that a minimum level of quality care is maintained. According to Department of Education and Department of Human Services staff, a visit, at a minimum, takes about 1.5 to 2 hours (not including travel time) and involves checking that rules are followed and observing the facility and its children and teachers. A visit can take longer if there are problems.

RECOMMENDATION:

The department should visit the child-care centers under its purview twice a year. The department should evaluate the workload of inspection staff and reallocate staff to meet monitoring requirements.

MANAGEMENT'S COMMENTS:

Department of Education:

We concur. The intent of the law that expanded the duties of the Commissioner of Education to include monitoring of school-age child care programs was to increase the number and quality of public school programs and to review child care programs affiliated with church-related schools as defined in Section 49-50-801, *Tennessee Code Annotated*. The Department of Education has been successful in expanding the number of school-age child care programs, which has reduced the number of children without adult supervision before and after school hours. The programs have expanded from thirty-three sites to approximately three hundred seventy-five sites since 1989.

The records available for review during the audit represented the years when one staff member was on the road inspecting all sites and one staff member dedicated 30 percent of time as advocate and manager of the school-age child project. The safety of the children is the priority; therefore, time allocation was focused on programs that had a poor record of compliance with standards. Such programs require a series of on-site inspections to identify problem areas; to consult on solutions; and to guarantee long-term compliance with no regression. As a result, inspection of all programs could not be completed within the annual time frame. Grant funds were obtained permitting an increase in staff to

review programs within the East Tennessee region in January 1996. Expansion in staff to lower the caseload per staff has been included in the budget for 1997-98. The department has requested the reallocation of existing funds to provide for improved caseload and proper inspection of all programs two times per year.

State Board of Education:

Board policy is not involved.

EARLY CHILDHOOD EDUCATION PROGRAMS ARE NEEDED

6. FINDING:

The State Board of Education, the department, and the Commission on Children and Youth agree that early childhood education programs are needed for children at risk of failing in school. These programs would help ensure that children who enter public school are ready to learn—a goal of the State Board and the federal government. The board developed an early childhood education plan, as required by law, and has recommended early childhood pilot programs in its master plans and funding needs studies. The board recommended ten pilots serving a minimum of 600 children at a cost of \$4 million in the first year. The General Assembly passed a bill in 1996 authorizing pilot programs but did not provide any funding.

State law says that the Department of Education may establish, administer, and monitor early childhood programs. The programs are to address the educational, health, and social service needs of children ages three and four who do not have access to other programs, who live below the poverty line, and/or who are at risk of educational disadvantage and failure because of abuse, neglect, or disability, or who are at risk of state custody because of family dysfunction.

The board estimated in its plan that 12,000 of the 45,000 at-risk children do not have the opportunity to participate in an early childhood program. Schools are required by State Board of Education rules to assess kindergarten students and use the results of that assessment in developing instructional programs for kindergarten students.

School system performance goals for academic performance and drop-out rates will be difficult to meet if children begin school far behind their peers. According to the 1995 General Accounting Office report *Early Childhood Centers: Services to Prepare Children for School Often Limited*, disadvantaged children need intellectual stimulation, parental support, and adequate health care and nutrition to be prepared for school. Early

childhood centers can help meet these needs, but most of the nation's disadvantaged children do not attend an early childhood center. According to "The Future of Children: Long Term Outcomes of Early Childhood Programs" published in 1995 by the Center for the Future of Children, many studies have shown that early childhood programs have led to enhanced school achievement, higher earnings, and decreased involvement with the criminal justice system.

RECOMMENDATION:

The General Assembly may wish to consider providing funding for early childhood programs to help children who are at risk of failing in school.

The department should determine which systems and/or schools serve areas with the most children at risk of failing in school and should use that information in the selection and implementation of early childhood education pilot projects.

MANAGEMENT'S COMMENTS:

Department of Education:

We concur. The department co-sponsored a study committee with the State Board of Education to review the need for early childhood development programs and the effectiveness of such programs in response to a joint resolution from the General Assembly in 1991-92. Citizens with expertise in the area of early childhood development from throughout the state provided guidance in developing the Early Childhood Education Plan adopted by the State Board of Education. Several local school systems with high levels of low-income students have directed some of their Title I funds to create early childhood programs for four-year olds. A few school systems have budgeted local funds to provide limited early childhood programs. The General Assembly passed legislation in 1996 to create pilot early childhood programs to serve 600 children. The funding was to be made available by the Department of Children's Services, but because of an adjustment (reduction) in federal funds, the funding was not available. Following the passage of this legislation, the high number of school systems and concerned citizens calling to inquire about the potential for early childhood programs within their communities indicated that the need and the support for such programs are extensive.

The Department of Education was successfully awarded the Head Start State Collaboration Grant in 1996. Through this project, there will be a comprehensive survey of each county to determine the numbers of "at risk" (low income, low level developmental gains) children served through Head Start, public schools, and private, not-for-profit programs and the number of children denied access because of insufficient program capacity. In addition, the Collaboration Program will work with Head Start, public agencies, and local community representatives to maximize opportunities to expand and to

enhance early childhood development program availability. The survey information will be instrumental in providing an accurate picture of the need throughout the state and will assist in setting priorities for program implementation.

State Board of Education:

We concur. The board, with the assistance of the Department of Education and other agencies and constituencies, developed an Early Childhood Education Plan in 1995 in response to a joint resolution from the General Assembly. In 1996, the General Assembly adopted legislation to create pilot early childhood education programs serving 600 children. However, no funding was made available. In its 1997 Master Plan, the board recommended a less costly version of the early childhood plan which would provide early childhood education during the regular school day and school year, with child care provided through other funding sources for families needing it.

The results of the survey information provided through the Head Start State Collaboration Grant can be used in the selection and implementation of early childhood education pilot projects.

SCHOOL SYSTEMS ARE NOT REQUIRED TO HAVE FIRE SAFETY
INSPECTIONS

7. FINDING:

According to State Board of Education Rule 0520-1-4-.01(2), "Each school shall observe all fire safety regulations and procedures promulgated by the Tennessee Fire Marshal's Office." However, there is no requirement that schools be inspected periodically by a fire marshal, and it appears that some schools are not regularly inspected by either a local fire marshal or by State Fire Marshal staff. The department does require that the private schools it approves be inspected by a fire marshal and that the fire marshal's report be submitted to the district office.

According to staff of the State Fire Marshal's Office in the Department of Commerce and Insurance, the office has not regularly inspected schools since 1985 when staff was cut. Local fire marshals may inspect schools, but the frequency of these inspections varies for several reasons. Many rural areas have volunteer fire marshals who do not have the staff, time, or resources to inspect schools. In addition, some local fire marshals (particularly in rural areas) only have jurisdiction within the city limits; schools located outside the city limits are under the State Fire Marshal's jurisdiction. Presently, the State Fire Marshal only inspects schools if there is a complaint or a special request by a local fire

marshal's office. The Department of Education and the State Fire Marshal's Office do not know how many of the 1,554 schools are being inspected.

RECOMMENDATION:

The State Board of Education should revise its rules to require that all schools be inspected periodically by fire marshals. These inspections would help ensure that public and private schools are following fire safety rules. The Department of Education should require schools to submit fire marshal inspection reports to the district office as part of the school-approval process. The department's internal audit section should verify that regular inspections are performed and that evidence of corrective actions is documented.

MANAGEMENT'S COMMENTS:

Department of Education:

This recommendation is directed to the State Board of Education. While the board promulgates rules, the department works with the local school systems to implement the rules. With board concurrence and revision of the rules on fire safety for school systems, the department concurs with this finding. The fire marshal's report should be maintained locally for inspection by auditors and a statement of compliance should be received by the department.

State Board of Education:

We concur. The board will work with the Department of Education and the Tennessee State Fire Marshal's Office in revising its rules to require that all schools be inspected periodically by fire marshals. Schools will be required to maintain the fire marshal's report for inspection by auditors and forward a statement of compliance to the Tennessee Department of Education.

SCHOOL BUS RESPONSIBILITIES SHOULD BE TRANSFERRED TO THE
DEPARTMENT OF SAFETY

8. FINDING:

The Departments of Education and Safety share responsibilities for school bus and driver safety, but the Department of Safety appears better suited to perform all the

responsibilities. The Department of Education receives school bus accident reports, issues waivers for buses that have over 12 years of service or carry more students than the rated capacity, and ensures that buses purchased by school systems meet federal minimum specifications. The Department of Safety issues bus drivers' licenses, trains bus drivers, and inspects buses annually. If one department dealt with all bus safety issues, the result would be more efficient and effective regulation. The Department of Safety has staff with the needed expertise; the only Department of Education staff member with extensive knowledge of school bus safety retired in 1995. (The Department of Education currently has one staff person who handles bus safety issues as part of his responsibilities.)

In 1983, Executive Order No. 45 transferred the responsibilities for certifying school bus drivers and equipment from the Department of Education to the Department of Safety, but some duties remained with the Department of Education. If all duties were transferred to the Department of Safety, that department would be better informed about the buses and bus drivers involved in the most accidents and could determine if there was a safety problem or concern. The Department of Safety also has the expertise and experience to determine when it is appropriate for school systems to be granted permits allowing their buses to carry more than the manufacturer's rated capacity.

RECOMMENDATION:

The General Assembly may wish to consider amending *Tennessee Code Annotated*, Title 49, Chapter 6, Part 21, to transfer the following responsibilities from the Department of Education to the Department of Safety: inspecting buses, issuing waivers to buses that have over 12 years of service or carry more students than the rated capacity, and ensuring that buses purchased by school systems meet national minimum standards.

The State Board of Education should amend its rules (Chapter 0520-1-5) to substitute "the Department of Safety" for the "Department of Education" in the sections on reporting school bus accidents.

MANAGEMENT'S COMMENTS:

Department of Education:

We concur. However, we are concerned about the responsiveness to the school systems in dealing with such issues as bus driver certification and reinspection of school buses in a timely manner and respectfully request assurance that these issues will be addressed.

State Board of Education:

We concur. The board will amend its rules to provide for the Department of Safety to receive reports on school bus accidents. If the General Assembly transfers other responsibilities to the Department of Safety, the board will respond appropriately.

THE DEPARTMENT HAS NOT COMPLETED REVISIONS TO THE FINANCIAL
MANAGEMENT MANUAL

9. FINDING:

The department has begun, but not yet completed, revising the *Tennessee Internal School Financial Management Manual*, which was last revised in 1988. The department worked with the Comptroller's Office on the revisions from late 1993 to the summer of 1995 when work stopped because of other departmental priorities. The department is required by Section 49-2-110, *Tennessee Code Annotated*, to prepare a uniform accounting manual for local school systems, and each school system is required to maintain activity fund books and records in accordance with the manual. Clarifications and additions would help ensure that school systems follow state requirements.

One item in the manual needing clarification is the use of school activity funds. The manual states:

Since Tennessee public schools are referred to as being "free", moneys raised by students must be used to finance the normal and legitimate extracurricular activities. Student body activity funds should be used to supplement and not replace funds for activities and services provided by the local school board.

Questions have arisen about what types of expenditures the funds can be used for and to what degree expenditures must benefit the entire student population. For example, questions were raised concerning the appropriateness of the following expenditures: field trips for students whose fees were waived; administrative items such as telephones, travel, copiers, and office supplies; equipment; and expenses of school accreditation teams. Clear guidance is needed to ensure that money is spent only on agreed-upon items and that the funds are not abused by local officials.

Although state law does not specify how student activity funds can be used, it does say, in Section 49-2-110, that the local accounting manual should address items such as "the proper handling of cash receipts, the making of deposits, the management of funds,

the expenditures of funds and the accounting for funds” and “the purchase of supplies and equipment.” However, according to the Assistant Commissioner of Finance, Accountability, and Technology, the department’s authority to even address the use of activity funds in the manual should be reviewed. According to her, Section 49-2-110(e)

requires the department to prepare an accounting policy manual and requires local school systems to adopt it and maintain all activity fund books and records in accordance with that manual. The statute speaks to appropriate accounting policies and lists areas in which the manual must specify the manner and means of safeguarding money. It speaks neither to what is an appropriate student activity or event nor to what is an appropriate object of expenditure. There is no authority in the statute to dictate such choices to local school systems. However, authority may be found to deal with such issues through fiscal accountability policies and procedures.

The manual also has not kept up with recent changes in the law. For instance, there are no procedures to account for teacher supply money provided under the Education Improvement Act of 1992.

RECOMMENDATION:

The department should complete the revisions to the *Tennessee Internal School Financial Management Manual* and, if appropriate, make clarifications regarding the use of student activity funds. If the department and the approving officials (the Comptroller of the Treasury and the Commissioner of the Department of Finance and Administration) determine that it is beyond the department’s authority to provide guidance on the use of activity funds, this section should be deleted from the manual.

The General Assembly may wish to consider clarifying *Tennessee Code Annotated*, Section 49-2-110, to indicate what areas the department’s uniform accounting manual should cover and what types of activity fund expenditures are proper.

MANAGEMENT’S COMMENTS:

Department of Education:

We concur. The department is currently working with the Comptroller’s Office to revise the manual effective for the 1997-98 school year. Questions regarding types of expenditures for which activity funds may be used will be addressed through fiscal accountability policies and procedures.

State Board of Education:

We concur. Questions regarding types of expenditures for which activity funds may be used should be addressed through the Department of Education's fiscal accountability policies and procedures.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified areas in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Department of Education's operations.

1. To ensure consistency and fairness to all home school students, the General Assembly may wish to consider making the testing requirements the same for all independent and church-related home schools.
2. The General Assembly may wish to consider providing funding for early childhood programs to help children who are at risk of failing in school.
3. The General Assembly may wish to consider amending *Tennessee Code Annotated*, Title 49, Chapter 6, Part 21, to transfer the following responsibilities from the Department of Education to the Department of Safety: inspecting buses, issuing waivers to buses that have over 12 years of service or carry more students than the rated capacity, and ensuring that buses purchased by school systems meet national minimum standards.
4. The General Assembly may wish to consider clarifying *Tennessee Code Annotated*, Section 49-2-110, to indicate what areas the department's uniform accounting manual should cover and what types of activity fund expenditures are proper.

ADMINISTRATIVE

The Department of Education and the State Board of Education should address the following areas to improve the efficiency and effectiveness of the department's operations.

1. The department and the board should consider whether the 2000 goals are realistic for all school systems. The department should then identify and provide help for systems that may not meet performance goals.
2. The board should revise its rules on approval classifications for school systems to provide for a warning status for systems not in compliance with the rules and/or not performing adequately. The department should then include the warning status in its school-approval process.

3. Performance measures should be used in the school-approval process. Test scores, value-added assessment, and performance goals should all be considered when approving a school system and when determining how to better its performance. A team including departmental consultants should visit schools on warning status to assist in correcting problems. The team should follow up to verify that performance improves.
4. The department should develop a process for obtaining accurate and consistent information on the number of students in the technical path and their chosen programs of study. The department's vocational education consultants should then assess each system and assist those systems that are not providing an adequate technical path.
5. The department should evaluate the duties and workload of the vocational education consultants and reallocate some of the consultants' duties, as needed, to allow for increased assistance to school systems that have not met the criteria of the technical path.
6. The department and the board should determine the best performance measures for evaluating vocational education programs, collect and analyze the needed information, and use the results to improve the programs.
7. The department and the board should consider what improvements would make the Work Keys test more useful to the department and to the students who take it. For example, if given in the tenth and twelfth grades, Work Keys could be more helpful in identifying problem areas.
8. The department should visit the child-care centers under its purview twice a year. The department should evaluate the workload of inspection staff and reallocate staff to meet monitoring requirements.
9. The department should determine which systems and/or schools serve areas with the most children at risk of failing in school and should use that information in the selection and implementation of early childhood education pilot projects.
10. The board should revise its rules to require that all schools be inspected periodically by fire marshals. These inspections would help ensure that public and private schools are following the fire safety rules. The department should require schools to submit fire marshal inspection reports to the district office as part of the school-approval process. The department's internal audit section should verify that regular inspections are performed and that evidence of corrective actions is documented.
11. The board should amend its rules (Chapter 0520-1-5) to substitute "the Department of Safety" for the "Department of Education" in the sections on reporting school bus accidents.

12. The department should complete the revisions to the *Tennessee Internal School Financial Management Manual* and, if appropriate, make clarifications regarding the use of student activity funds. If the department and the approving officials (the Comptroller of the Treasury and the Commissioner of the Department of Finance and Administration) determine that it is beyond the department's authority to provide guidance on the use of activity funds, this section should be deleted from the manual.