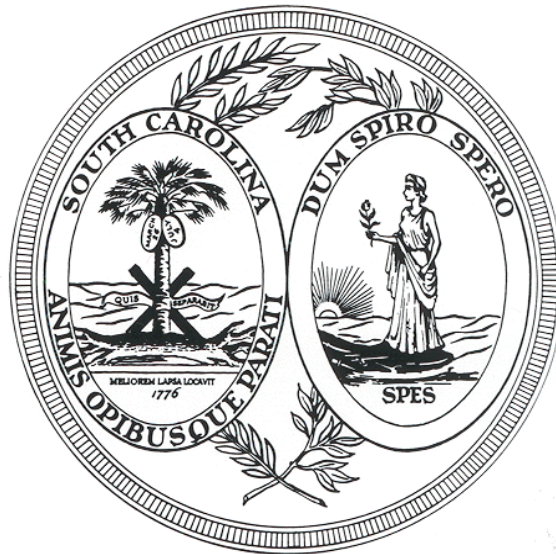


May 2004

A Review of the State Department of Education and Issues of Efficiency and Accountability in K-12 Education



LEGISLATIVE AUDIT COUNCIL

1331 Elmwood Ave., Suite 315

Columbia, SC 29201

(803) 253-7612 VOICE

(803) 253-7639 FAX

Public Members

Dill B. Blackwell, Chairman
Nancy D. Hawk, Esq., Vice Chairman
Marion H. Kinon, Esq.
Philip F. Laughridge, CPA
Henry M. Swink

Members Who Serve Ex Officio

Scott H. Richardson
Senate Judiciary Committee
William S. Branton, Jr.
Senate Finance Committee
Rex F. Rice
House Ways & Means Committee
J. Adam Taylor
House Judiciary Committee

Director

George L. Schroeder

Authorized by §2-15-10 *et seq.* of the South Carolina Code of Laws, the Legislative Audit Council, created in 1975, reviews the operations of state agencies, investigates fiscal matters as required, and provides information to assist the General Assembly. Some audits are conducted at the request of groups of legislators who have questions about potential problems in state agencies or programs; other audits are performed as a result of statutory mandate.

The Legislative Audit Council is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve ex officio.

Audits by the Legislative Audit Council are conducted in accordance with generally accepted government auditing standards as set forth by the Comptroller General of the United States.

Copies of all LAC audits are available at no charge. We encourage you to visit our website to view and print copies of LAC reports.

www.state.sc.us/sclac

A Review of the State Department of Education and Issues of Efficiency and Accountability in K-12 Education was conducted by the following audit team.

Audit Manager
Jane I. Thesing

Senior Auditors
Marcia A. Lindsay
Andrew M. Young

Associate Auditors
Cynthia B. Piper
Susan J. Poteat
Beverly T. Riley

Typography
Candice H. Pou
Maribeth Rollings Werts

Senior Legal Counsel
Andrea Derrick Truitt

LAC

Report to the General Assembly

**A Review of the State
Department of Education
and Issues of Efficiency
and Accountability in
K–12 Education**

Contents

Synopsis

..... v

Chapter 1 Introduction and Background

Audit Objectives 1
Scope and Methodology 2
Background 3

Chapter 2 Administrative Issues

Expenditures for Travel, Meals, and Conferences 5
Savings in Postage 10
Cell Phones 12
Dues and Memberships 14
SDE Employee Salaries 14
Required Reports 18
Contract Management 19
Internal Auditor 22

Chapter 3 Assessment and Accountability Issues

National Board Certification Program 23
Testing 28
Reducing or Consolidating Assessments 30
Student Remediation 33
Other Testing Issues 34
Statistical Analyses of Assessments 36
Performance Measures Pertaining to Student Learning 38
Accreditation Function 41

**Chapter 4
Intervention and
Assistance
Programs**

EAA Intervention and Assistance Programs	43
Program Results	46
Program Controls	50
Administrative Organization	52
Federal Funding for Intervention and Assistance	52

Appendices

A SDE Organization Chart	55
B Agency Comments	57

Synopsis

The General Assembly asked the Legislative Audit Council to conduct an audit of the State Department of Education (SDE). We reviewed SDE's operational expenditures to identify cost savings and examined other issues relating to efficiency and accountability of the state's expenditures for K-12 education. We identified areas where SDE could obtain savings in its operations. SDE also needs to improve its methods for measuring the results of expenditures. We found additional opportunities for increased efficiency and accountability in other areas of the state's spending for education. Our findings are discussed below.

SDE Operations

- ❑ The State Department of Education spent nearly \$4.1 million for travel in FY 02-03. While we found no evidence of noncompliance with state travel regulations, the department could realize savings in its expenditures for lodging and meals. Unlike other states and the federal government, South Carolina has no limits on the amount of reimbursement for lodging expenditures. SDE often spent more than the federal government's limits for lodging for its employees and non-state employees (primarily school district employees).
- ❑ SDE furnishes meals and lodging for school district employees who attend training sessions and other meetings in the state. The department spent \$677,000 for catered meals for these events in FY 02-03. While state travel regulations limit state employees' daily reimbursement for in-state meals to \$25, the department spent as much as \$58 a day per person for meals for its events. The department has not emphasized finding the most cost-effective location for events, and guidelines for event planning are weak. Also, SDE could eliminate the provision of meals, particularly for one-day events.
- ❑ The department has not taken advantage of opportunities for postage savings. SDE has used the interagency mail service at a minimal level compared to other agencies whose savings have been substantial. Also, the department has not used the state contract for mailing services to obtain additional savings. Since SDE has averaged \$376,000 in postage expenditures annually, its savings could be significant.
- ❑ SDE could obtain savings and improve controls over its cell phones. The department's decentralized procurement and payment for cell phones is inefficient, increases costs, and does not provide good controls. Also, SDE does not have a policy specifying conditions under which employees are allowed to have an agency-provided cell phone.

- ❑ SDE has opportunities for savings in its expenditures for dues and memberships, which amounted to \$379,000 in FY 02-03. The agency could save by not paying for individual memberships, approximately \$110,000 in FY 02-03, unless the individual is required by the agency to be a member of an organization.
- ❑ We reviewed SDE's process for determining salaries for new employees and for awarding raises, and found the department generally complied with state requirements. We did not find evidence to indicate that SDE salaries were inappropriately high, particularly when compared to those of school district employees.
- ❑ We did a limited review of four large SDE contracts and found that the contracts had appropriate management controls and the department attempted to obtain cost savings when negotiating contracts.

Other Efficiency and Accountability Issues

- ❑ South Carolina is spending ever-increasing amounts in salary supplements for teachers who achieve national board certification. By FY 08-09, these supplements could amount to more than \$50 million annually. The state does not have adequate controls over funds used for these supplements as the national board does not have appropriate controls over the integrity of the process. Also, there is no body of research demonstrating that national board certified teachers have a greater impact on student achievement than other teachers.
- ❑ We reviewed issues surrounding the mandated state testing program and found that South Carolina students are generally tested more frequently than students in other states. If the state reduced or consolidated some of its assessments and required remediation plans, cost savings and other benefits would likely result. Also, SDE should reevaluate its expenditures for maintaining its benchmark assessments.
- ❑ Both the State Department of Education and the Education Oversight Committee conduct statistical analyses of test items for technical quality, which is a duplication of effort and results in extra costs.

- ❑ SDE has not coordinated with the Education Oversight Committee the selection of its goals for measuring student learning. For many performance measures, the department has not set target dates for the accomplishment of its goals. Also, the educational data that SDE reports to the public each year may not be adequate for determining whether South Carolina is achieving its goals.
- ❑ The State Department of Education's accreditation function duplicates the work of other entities and should be reduced in scope. SDE's accreditation process relies on self-reported information, which does not provide a meaningful control. Most S.C. schools are accredited by the Southern Association of Colleges and Schools, whose standards are similar to those of the state and whose process provides for regular on-site visits.
- ❑ As mandated by the Education Accountability Act, the state spent more than \$46 million in FY 02-03 for nine programs that provide intervention and assistance to low-performing schools. We reviewed SDE's management of these programs and found that the department has not implemented adequate measures that can be used to determine program results. Without valid measures, SDE cannot plan or prioritize funding for the most effective programs. Also, some of the intervention and assistance programs need improved management controls.

Synopsis

Introduction and Background

Audit Objectives

The General Assembly requested an audit of the State Department of Education (SDE) with objectives that focused on issues of efficiency and accountability. The audit requester asked the LAC to review SDE's operational expenditures to determine whether the department has appropriate cost controls. Other objectives relate to the efficiency and accountability of the state's expenditures for K-12 education.

Our specific objectives are listed below.

- Review the State Department of Education's expenditures for travel, meals, and conferences to identify areas where the department could reduce costs.
- Review other areas of operating expenditures to identify areas where the department could reduce costs.
- Review the salaries of SDE employees and the process for determining salaries and raises to determine whether it is appropriate.
- Determine whether the State Department of Education performs functions that are unnecessary or duplicated by other entities.
- Review the State Department of Education's contract management to determine whether contracts have appropriate controls and are monitored to ensure results.
- Review the state's provision of teacher bonuses for national board certification to determine program results and whether the state has adequate controls.
- Review testing of K-12 students to determine whether it is efficient and whether there are opportunities for cost savings.
- Review the State Department of Education's strategic plan and performance measures to determine whether they are appropriate.
- Review expenditures for intervention and assistance to schools that need improvement to determine costs and results.

Three additional objectives relating to school districts will not be included in this report, but will be reviewed in a separate report to follow.

Scope and Methodology

We reviewed the operations of the State Department of Education, generally excluding SDE's management of the state's school buses, which we reviewed in audits published in 1999 and 2001. In some areas, we reviewed aspects of the state's system for public education that are not under the direct control of the department, such as the state's salary supplement for teachers who have achieved national board certification. Some of our objectives resulted in consideration of the role of the Education Oversight Committee, specifically in the areas of assessment and performance measures. The period of review was generally FY 00-01 through FY 02-03.

To conduct the audit, we considered a variety of sources of evidence including those listed below.

- SDE purchasing, accounting, and personnel records.
- SDE contracts.
- SDE management policies and procedures.
- Interviews with SDE employees, employees of other state agencies, and school district employees.
- Consultant and other reports on educational programs.
- Interviews with and documents from officials in other states.
- Information related to education from private organizations.
- Reports published by SDE.
- Information and reports from other state agencies.

While we used some information that we did not verify, this information was not central to our audit objectives and we have acknowledged its sources. Criteria used to measure performance included state and federal laws and regulations, agency policy, the practice of other states, and generally accepted principles of efficiency and good management. We used several nonstatistical samples, which are described in the audit report. We reviewed management controls in the areas of travel, operating expenditures, salaries, intervention and assistance programs, contract management, and the national board certification process. Our findings are detailed in the report.

This audit was conducted in accordance with generally accepted government auditing standards.

Background

At the state level, the education of South Carolina's public school students is the responsibility of the State Board of Education, the State Superintendent of Education and the State Department of Education (SDE). The entire public school system, serving more than 650,000 students, consists of more than 90,000 employees (46,000 teachers) located in 1,120 schools in 85 school districts and related operating units throughout the state.

The State Board of Education is a constitutional body consisting of 17 members. The legislative delegations representing the state's 16 judicial circuits each appoint one member, and one member is appointed by the Governor. The board adopts policies, rules, and regulations for public education.

The State Superintendent of Education is a constitutional officer elected for a four-year term. The superintendent serves as administrative officer of the state's public education system and as secretary for the board of education. The superintendent oversees state and federal public education funds, staffs and administers the State Department of Education, and informs the public, the educational community, and the General Assembly about the status of public education.

Since 1998 the Education Oversight Committee (EOC) has responsibilities relating to implementation of the Education Accountability Act (EAA). The 18-member committee is an independent group comprised of educators, business people, and legislators, who have been appointed by members of the General Assembly or the Governor. The Governor or his designee also serves on the committee. The State Superintendent of Education is an ex officio nonvoting member.

The State Department of Education's mission is to provide leadership and services to ensure a system of public education through which all students will become educated, responsible, and contributing citizens. The department also acquires and manages the state's fleet of school buses. As of September 2003, the department had 934 employees. Approximately half of these employees were involved in SDE's transportation-related responsibilities. There are 44 bus maintenance shops and one "rebuild facility" throughout the state.

SDE is organized into six divisions (see Appendix A). The department's expenditures for the past three fiscal years are shown in Table 1.1. Most of the department's funding flows through to the school districts. According to the department, SDE serves as the fiscal agent for the Governor's School for Science and Mathematics, the Governor's School for the Arts and

Humanities, and for First Steps. These entities' expenditures are included in Table 1.1. The department has no authority over the operations of these organizations, as they have their own boards of trustees.

Table 1.1: SDE Expenditures*
FY 00-01 Through FY 02-03

CATEGORY	FY 00-01	FY 01-02	FY 02-03
Personal Service	\$40,186,872	\$41,685,996	\$43,098,855
Other Operating Expenses	96,778,345	95,738,304	94,382,668
Special Items	97,990,082	146,496,293	140,553,650
Distributions to Subdivisions	2,764,085,366	2,750,348,132	2,708,826,200
Fringe Benefits	13,011,950	14,452,543	14,595,626
Non-Recurring Appropriations	36,384,582	24,092,934	40,256,921
TOTAL	\$3,048,437,197	\$3,072,814,202	\$3,041,713,920

* Includes expenditures of both Governor's schools and First Steps.

Source: S.C. Budget and Control Board.

Administrative Issues

Expenditures for Travel, Meals, and Conferences

Table 2.1: Department of Education Travel Expenditures FY 00-01 Through FY 02-03

CATEGORY	FY 00-01	FY 01-02	FY 02-03	3-YEAR TOTAL	% OF TOTAL
Non-State Employees*	\$2,776,159	\$1,722,917	\$2,381,417	\$6,880,493	55%
Meals**	826,178	646,236	765,040	2,237,454	18%
Auto Mileage/Leases	512,872	505,982	459,149	1,478,003	12%
Lodging	442,289	291,684	254,093	988,065	8%
Registrations	232,775	113,954	115,133	461,862	4%
Airfare	140,307	74,060	90,252	304,619	2%
Other***	28,980	15,092	15,182	59,255	1%
TOTAL	\$4,959,560	\$3,369,925	\$4,080,266	\$12,409,751	100%

* Includes transportation, mileage, lodging, and meals for non-state employees.

** Includes catered meals (see p. 8).

*** Consists of other miscellaneous travel and subsistence.

Source: Office of Comptroller General.

State Employee Travel

In our judgmental sample of 40 state employee travel vouchers, which included such expenses as lodging, meals, and airfare, we found no evidence of noncompliance with state travel regulations. However, we did find opportunities for cost savings in employee expenditures for lodging.

South Carolina travel regulations do not limit the amount of reimbursement for lodging. Agency heads have the responsibility to determine that charges are “reasonable.” The federal government limits its employees to lodging rates published annually by the General Services Administration for domestic travel and the State Department for foreign travel. The federal government increases its limits by 25% for travel involving a conference. (In some circumstances approved by a federal agency head or designee, employees may receive expenses for lodging with an upper limit of 300% above the

regular reimbursement. Such an exception would not be appropriate for state employee travel.)

We have found in previous audits that the state could save money by adopting limits on lodging reimbursements, similar to those used by the federal government and many other states. We compared SDE lodging expenditures in our sample to the federal limits for these locations at the time of the trip. The department often spent more for lodging for its employees (see Table 2.2). Since SDE travel often involved conferences, we compared SDE expenditures to the federal limits adjusted for conference travel.

Table 2.2: SDE Employee Lodging Expenditures vs. Federal Conference Limits, FY 02-03

LOCATION	SDE REIMBURSEMENT*	FEDERAL CONFERENCE LIMIT	% OVER THE FEDERAL LIMIT
Orlando	\$231	\$119	94%
Myrtle Beach	\$229	\$124	85%
Minneapolis	\$163	\$119	37%
North Charleston	\$79	\$69	15%
Columbia	\$93	\$81	15%
Atlanta	\$156	\$140	11%
Charlotte	\$109	\$101	8%

* Includes room charge only (not taxes), as the federal limits are for room charges.

One-day Travel Meals

State travel regulations allow, but do not require, employees to be reimbursed for meals when travel does not include an overnight stay. Agencies may lower travel costs by not paying for these ‘one-day’ meals. From FY 00-01 to FY 02-03, the State Department of Education reduced expenditures for meals for one-day travel by 75%. According to an agency official, SDE employees are no longer reimbursed for meals on one-day trips, even though agency policy guidelines do not reflect that rule. However, SDE employees are still allowed meals at statewide meetings if at least 75% of those attending the meetings are employees of other agencies or outside organizations. For further cost savings, reimbursement for meals on one-day trips could be disallowed for all programs under the Department of Education.

Leased Cars

We reviewed leased vehicles assigned to the State Department of Education and concluded that the number of leased vehicles at the agency were reasonable and cost-effective.

Non-State Employee Travel

State law and regulations do not place any limits on travel expenses for non-state employees. The expenses we reviewed provided evidence that SDE did not consider costs as a primary criterion in planning events for these employees. Higher-cost meal and lodging options were selected when less costly options could have been available.

Compared to other state agencies, SDE is unique in the amount of training and related expenses that it provides for non-state employees, such as school district administrators and teachers. In FY 02-03, the department spent \$2.5 million for transportation, mileage, lodging, and meals for non-state employees, not including catered meals, discussed below. It has been the department's general practice to furnish lodging and meals to participants rather than to have attendees pay their own expenses.

We sampled 42 non-state employee travel records, which generally included conference expenses. Table 2.3 lists some of the lodging provided for non-state employees which cost in excess of the federal limits for conferences.

Table 2.3: Non-State Employee Lodging vs. Federal Conference Limits, FY 02-03

LOCATION	SDE REIMBURSEMENT*	FEDERAL CONFERENCE LIMIT	% OVER THE FEDERAL LIMIT
Columbus, OH	\$140	\$94	49%
Myrtle Beach, SC	\$182	\$124	47%
Columbia, SC	\$119	\$81	47%
Atlanta, GA	\$193	\$140	38%
Florence, SC	\$79	\$69	15%
Greensboro, NC	\$124	\$109	14%
Charleston, SC	\$149	\$133	12%

* Includes room charge only (not taxes), as the federal limits are for room charges.

Catered Meals

Catered meals are meals or refreshments provided at statewide meetings. SDE spent more than \$677,000 for these meals in FY 02-03 (see Table 2.4).

Table 2.4: SDE Expenditures for Catered Meals FY 00-01 Through FY 02-03

FISCAL YEAR	AMOUNT	INCREASE/DECREASE OVER PREVIOUS FISCAL YEAR
00-01	\$675,758	N/A
01-02	\$552,594	18% decrease
02-03	\$677,330	23% increase

Source: Office of Comptroller General.

State travel regulations provide daily meal limits of \$25 for in-state and \$32 for out-of-state travel. However, SDE does not apply these guidelines when planning conferences and training events. The department spent as much as \$58 per person per day for meals for these events. The majority of its sessions are provided for non-agency employees, where there is little or no expense to the registrants. The department does not charge penalties for registrants who do not show up for the training, even though preplanned costs are incurred.

Table 2.5 shows examples of expenditures in our sample of 65 catered meal vouchers that were above the state limits for meals. These costs include gratuities and tax.

Table 2.5: Catered Meal* Costs for In-State Conferences, FY 02-03

EVENT	PROVIDER	ATTENDEES**	BREAKFAST	LUNCH	DINNER
SC Reads Summer Institute	Adams Mark, Columbia	100 – 580	\$10.00	\$17.49	***\$30.00
Vertical Team, Curriculum & Standards	Charleston Riverview Hotel	75 – 100	\$10.30	\$14.19	\$0
Teacher Specialists Program	Embassy Suites, Columbia	85 – 350	\$6.91	\$20.10	\$25.14
New Directors' Leadership Academy****	Marriott, Hilton Head	26	\$11.60	\$30.53	\$0
Professional Development Meeting	Hyatt Regency, Greenville	110	\$15.19	\$19.90	\$0
Nat'l Council for Accreditation of Teacher Ed	Radisson/Airport, North Charleston	71 – 84	\$15.19	\$16.84	\$26.62
School to Work Initiative	Embassy Suites, Columbia	165	\$0	\$26.54	\$0
Peer Team for Accountability Plans	The Gourmet Shop, Columbia	6	\$0	\$11.31	\$0

* State meal limits are \$6 for breakfast, \$7 for lunch and \$12 for dinner.

** Number of meal attendees varied.

*** Meal for 100 was to be reimbursed by a private organization. Not yet received as of April 2004.

**** Expenses partially reimbursed by participant registration fee.

We found that it was far more cost-effective for events to be held in facilities where private caterers provided the meals. Fifteen of the 65 catered meal events in our sample were held at hotels. All but 1 of the 30 meals provided at the hotels exceeded the state meal limits, with lunch prices ranging as high as \$31. Only 3 of 32 breakfasts furnished by private caterers exceeded the state limit of \$6, and 22 of 36 lunches exceeded the \$7 limit, with prices ranging no higher than \$14.

Event Planning

SDE could obtain cost savings by planning events more carefully with greater priority given to costs. There are several factors that contribute to the department's spending more than necessary.

- *Finding the most cost-effective location has not been emphasized.* SDE conference planners stated that hotel facilities are often needed to accommodate a large number of attendees. However, the majority of the events in our sample did not exceed 100 attendees, and one private caterer served lunch to 225 people at a county convention building at a much lower cost. We found no evidence that site selection was a priority with event planners. Costs could also be reduced by scheduling training events in South Carolina or central locations. For example, the Center for Creative Leadership holds numerous training events in Greensboro, North Carolina. It may be more cost-effective to have such training held locally.
- *Conference planning is decentralized throughout the department.* Each SDE conference event is planned by a staffer from the department that is responsible for the event. Experience gained from one event may not be shared within the agency in a manner that would benefit a planner in another area. A centralized event planner in the agency may be able to administer conferences and training events with greater efficiency than less experienced staffers. That person or staff would be familiar with price efficiencies, locations with adequate space, and amenities and services provided by each facility.
- *Guidelines for conference planning are weak.* Neither the SDE nor the B&CB guidelines for procuring conference facilities require that costs be considered when choosing a site or place limits on amounts that may be paid for lodging at in-state or out-of-state facilities. A B&CB guideline states that "South Carolina State Park facilities should be considered whenever they meet conference requirements." However, conference guidelines only require that two other hotels/motels be contacted, but they list no reasons for the contacts.

Conclusion

One additional factor for the department to consider is that it is not required to furnish lodging and/or meals to those who attend training meetings. In particular, meals for one-day events do not seem to be a high priority. State employees often do not receive reimbursement for meals when no overnight stay is involved. The department has ended the practice of reimbursing these meals for its own employees (see p. 6), although department employees are reimbursed according to state guidelines when attending meetings. If the department decided not to furnish lodging and/or meals free of charge, it would have more funds available for other educational priorities. However, even if the department continues providing travel expenses for these events and made greater efforts to control costs, the savings could be substantial.

Recommendations

1. The General Assembly should consider enacting limits for lodging reimbursements for state employees.
2. The State Department of Education should ensure that its employees incur reasonable costs for lodging.
3. The State Department of Education should revise its conference planning guidelines to centralize event planning and require that planners choose the most cost-effective site and vendors.
4. The State Department of Education should re-evaluate whether providing meals and lodging to those who attend its events is an appropriate priority for use of funds.
5. The State Department of Education should revise its policy guidelines to disallow reimbursement of meals on one-day trips.

Savings in Postage

The State Department of Education has not taken advantage of opportunities for postage savings. SDE spent over \$370,000 for postage during FY 02-03 (see Table 2.6) and processed over 455,000 pieces of mail. The department could realize significant savings from increasing its use of interagency mail and using the state contract for mailing services.

Table 2.6: SDE Expenditures for Postage, FY 00-01 Through FY 02-03

FISCAL YEAR	AMOUNT
00-01	\$348,354
01-02	\$408,699
02-03	\$370,316

Source: Office of Comptroller General.

Interagency Mail Service

The department has used the interagency mail service (IMS) at a minimal level. SDE sent only 719 of its 455,000 pieces of mail (.16%) by IMS in FY 02-03. IMS makes 24-hour pick-up and delivery to 680 state agency and college locations around the state. According to an official, IMS will begin implementing delivery to school districts in July 2004. IMS rates are 90¢ per pound compared to \$3.82 per pound for United States Postal Service (USPS) first-class rates. Table 2.7 shows that selected agencies of various sizes use interagency mail services more effectively than SDE.

SDE has no policy requiring employees to use interagency mail service, nor do they have separate drop boxes for mail that can be sent IMS. Increased use of IMS would result in increased savings at no additional cost.

Table 2.7: Interagency Mail Service Use for Selected Agencies, FY 02-03

AGENCY	POUNDS DELIVERED	COST	SAVINGS COMPARED TO USPS *
Dept. of Health and Environmental Control	459,463	\$291,465	\$1,447,410
Dept. of Mental Health	97,737	\$49,496	\$318,730
Dept. of Revenue	16,491	\$12,652	\$50,051
Clemson University	11,254	\$7,865	\$34,824
Vocational Rehabilitation Dept.	10,145	\$8,117	\$30,502
Commission for the Blind	9,979	\$8,100	\$29,902
Educational Television Comm.	6,399	\$2,753	\$21,291
Dept. of Archives and History	2,008	\$1,751	\$5,912
Dept. of Labor, Licensing and Regulation	1,622	\$984	\$5,149
Dept. of Education	719	\$530	\$2,201

* Savings vary based on classes of mail.

Source: Office of General Services, Agency Mail Service.

Postage Savings Through State Contract

The SDE mail room prepares its daily mail for USPS and does not participate in the state mail services contract. Under the contract, an agency prepares the mail with 35.2¢ postage, and a private mail service picks it up, adds bar codes, and sorts it by zip code before delivering it to the post office. The combined cost for service fees and reduced postage is .007¢ less than the standard 37¢ per ounce for U.S. postage. Several state agencies, such as the Department of Labor, Licensing & Regulation, the Department of Health and Environmental Control, and the Department of Revenue use the state mail contract for savings.

SDE's savings from using IMS more and using the state contract for mailing services will depend on the volume and types of mail processed. However, for each 10% reduction in postage costs, the agency could realize approximately \$37,000 in savings.

Recommendations

6. The Department of Education should require its employees to use interagency mail services for interagency correspondence.
7. The Department of Education should take advantage of savings on postage by using the state mail services contract.

Cell Phones

SDE could realize savings and improve controls over cell phone use. The department's decentralized procurement and payment for cell phones is inefficient and does not provide good controls. Also, SDE's policy on cell phone use does not specify conditions under which employees may be assigned cell phones.

Department employees procure cell phones individually, and the agency does not have an accurate and comprehensive list of employees who have phones and the terms of the plans. After reviewing various lists and interviewing employees, we concluded that the agency has approximately 117 phones in the administrative offices, and 94 under one consolidated plan for the division of transportation. The agency spent more than \$86,000 for cell phones during FY 02-03.

A judgmental review of the cell phone vouchers indicated that the majority of the administrative cell phones are billed individually, accounting for more than 685 payments during FY 02-03. A finance supervisor reported that processing a voucher involves an action by at least ten employees (including

those at the Comptroller General's and Treasurer's offices). Although SDE does not have an estimate of its cost to process a voucher, the Department of Transportation (DOT) has estimated its cost at \$20 per payment. Processing so many small payments, many for less than \$25 each, is inefficient.

Other agencies, such as the Department of Mental Health, the Department of Public Safety, and the S.C. Education Lottery, have consolidated their cell phone plans. The Department of Transportation converted to consolidated billing in 1999. Under its plan, the entire agency has statewide service and shares a pool of minutes. Providers submit their bills on compact discs so that DOT may allocate them to ten or more different charge codes, such as state, federal, and special funding. According to DOT officials, this method speeds the time for accounting and, since its beginning, has reduced the number of monthly cell phone bills from 175 to 10. DOT estimates its annual savings from consolidated bills to be approximately \$40,000 in administrative costs alone. According to DOT officials, re-negotiating rate plans, pooling minutes, and market competition have reduced its cost-per-minute-used rate from 39¢ in 1999 to a current rate of 10¢.

Need for Cell Phones

According to agency policy, assignment of cellular phones will be determined by the needs of the agency and must be used for official SDE business. While many of SDE's cell phones appear to be justified by job requirements (such as bus maintenance employees who travel to bus sites or technology employees who visit different schools), others appear to be assigned to employees whose jobs are based in an office where there is a telephone.

We question whether the state should furnish cell phones to employees who have jobs that are primarily based in an office where the employee has access to a telephone and voice mail. The occasional need to make calls when not in the office does not justify the expense of a cell phone. Implementing a policy with specific job-related criteria for cell phone assignments could result in additional savings.

Recommendations

8. The State Department of Education should centralize its cell phone bills and negotiate for lower rates.
9. The State Department of Education should revise its cell phone policy to include specific job-related criteria for cell phone assignments.

Dues and Memberships

SDE has opportunities for savings in its expenditures for dues and memberships. The department spent more than \$379,000 for dues and memberships during FY 02-03. While the majority of these expenditures were for agency memberships in education-related organizations, according to the department, it spent more than \$110,000 for employees' individual memberships in a wide variety of organizations. We reviewed 35 of 213 payments for dues and found that SDE paid individual memberships for its employees in organizations such as the American Association for the Advancement of Science, International Reading Association, National Association of Gifted Children, S.C. Theater Association, S.C. Association for School Librarians, and others. While all of the organizations were related in some way to education, the agency could save by not paying individual memberships unless the individual was required by the agency to be a member of an organization.

Department policy requires that professional memberships for individuals must be approved by the superintendent. Twenty-two of the 25 payments for individual memberships in our sample were not authorized by the superintendent or her designees, but by other supervisory employees.

Recommendations

10. The State Department of Education should reduce its payments for individual professional memberships to those required by the agency.
11. The State Department of Education should enforce its policy that individual memberships must be approved by the Superintendent of Education.

SDE Employee Salaries

We reviewed the State Department of Education's process for determining salaries for new employees and for awarding raises from FY 00-01 through FY 02-03. The department generally complied with state requirements, and we did not find evidence to indicate that SDE salaries were inappropriately high. However, more evidence is needed to conclude that certain SDE employees are not adequately compensated.

New Hires

During the period of our review, the department hired 336 new employees. We reviewed a judgmental sample of 30 (16%) of the 182 new employees who were hired with salaries higher than the minimum salary for their classifications. The sample included new employees who were hired at 55% or more above the minimum. When employees are hired at salaries greater than the *minimum* salary for the position, SDE human resources staff must provide a written justification for the salary. When employees are hired at salaries greater than the *midpoint* of the range for the position, the salary must be approved by the Office of Human Resources at the Budget and Control Board (B&CB). The department completed justifications for the salaries in our review and the salaries were approved by the B&CB.

There were several common justifications for offering new employees salaries greater than the minimum for the classification:

- The applicant had more training/degrees than required.
- The applicant had more years of experience than required or specialized technical knowledge or experience.
- It was difficult to recruit for the position (had been vacant, advertised multiple times, few qualified applicants, etc.).
- The applicant would not accept the position for less.

Based on information in their applications, we noted that 17 of the 30 employees in our sample accepted the SDE position at a lower salary than they were earning in their previous jobs.

Employee Raises

Employees of the State Department of Education received salary increases during the period of our review that included general increases (see Table 2.8) and increases based on other circumstances.

Table 2.8: Salary Increases for State Employees

YEAR	AMOUNT
FY 00-01	2.5% general, 1% merit
FY 01-02	1.5% general, 1% merit
FY 02-03	No Increase
FY 03-04	No Increase

Source: S.C. Appropriations Acts.

In FY 00-01, 364 SDE bus shop maintenance personnel received a special pay increase of 3%. This increase was the result of a 2000 contracted salary study of these positions and those of school bus drivers who are paid by the school districts. The study found SDE's pay for bus maintenance personnel was uncompetitive and below the salaries paid by the Department of Transportation for similar positions.

In addition to the general increases, SDE employees received 240 raises during the three-year period for other reasons, such as promotions, job reclassifications, additional duties and responsibilities, and retention. None of the department's deputy superintendents received raises during this period. Most of SDE's raises ranged from 1% to 15% with some exceptions, primarily for promotions or reclassifications when the employee moved to a higher-level position and received a greater increase. We reviewed a sample of 36 (15%) of these raises and found that generally the appropriate approvals, justifications, and documentation were in place and reasons for the raises were clear. In two cases either the employee's additional duties were not clearly documented or the documentation was no longer available.

Level of Education Professional Salaries

A contracted organizational study of the Department of Education completed in 1999 found that the department's salary levels might not be adequate to attract professional educators with the skills and experience necessary to assist and provide statewide leadership on educational issues. The study stated that SDE's salary levels for education professional positions must be competitive with those paid by local school districts, and that they were not. We obtained information on school district salaries for school year 2002-2003 and SDE salaries as of September 2003 and made some of the same comparisons found in the 1999 study. Many of the department's positions for education associates call for "building level" or administrative school district experience, on the theory that state leaders should be at least as expert and experienced as those they are attempting to assist or advise. It is still the case that SDE average salaries are generally lower than average school district administrator salaries (see Table 2.9 and Table 2.10).

Table 2.9: Department of Education Salaries

JOB CLASSIFICATION	SEPTEMBER 2003	
	EMPLOYEES	AVERAGE SALARY
Program Manager (II and III)	23	\$78,831
Education Associate	190	\$58,931

Source: Budget and Control Board

Table 2.10: South Carolina School District Employee Salaries

POSITION	2002 – 2003	
	EMPLOYEES	AVERAGE SALARY
Assistant Superintendent for Instruction	99	\$86,091
Secondary Principal	205	\$77,334
Director of Instruction	21	\$71,420
Elementary Principal	615	\$70,278

Source: Annual Salary Study, Selected School, District, and County Personnel

A professional review of salaries would be necessary to confirm the most appropriate comparisons and compensation for the department's jobs. According to an SDE official, the department considered contracting for such a study, but because the budget was not sufficient to fund salary increases if warranted, they have not done so. According to department officials, their employees often leave for higher salaries in school districts or elsewhere. However, the department has not maintained information on terminated employees that would document this assertion (see below).

An ongoing challenge for the department regarding salaries and remaining competitive with school districts is the fact that school district employees have had regular salary increases. During the period of our review, the average teacher salary in South Carolina increased 5.1% in FY 00-01, 5.2% in FY 01-02, and 1.1% in FY 02-03. The average classroom teacher salary for FY 02-03 was \$40,362 (\$53,816 annualized).

Exit Interviews

The State Department of Education has not conducted exit interviews with departing employees as required by state regulation. S.C. Reg. 19-719.05 requires each agency to establish a procedure for obtaining separation information that includes an exit interview form "to reflect the specific reasons for the employee's separation." The regulation requires a reasonable effort to interview the employee and that a file on all exit interviews be maintained for review by management. According to an official, the department has not made a practice of conducting exit interviews but obtains information to categorize why employees left. The department could obtain specific information from employees leaving for higher salaries which would be useful in evaluating the department's salary levels.

Recommendations

12. The State Department of Education should consider obtaining an independent professional review of salary levels for its education professionals.
 13. The State Department of Education should comply with S.C. Reg. 19-719.05 requiring agencies to obtain specific exit information.
-

Required Reports

The State Department of Education is required by statute to publish reports relating to many aspects of education. We reviewed a sample of approximately 20 reports published by SDE to determine if they could be eliminated or published less frequently.

We identified two reports which could be eliminated to result in time and cost savings:

REPORT TO THE GENERAL ASSEMBLY OF SOUTH CAROLINA ON PROGRAMS AND SERVICES FOR PRESCHOOL CHILDREN WITH DISABILITIES
This annual report is required by S.C. Code §59-36-70. It summarizes SDE and local initiatives by agencies that deal with preschool children with disabilities. Various state agencies are required to submit financial and other data regarding services to this population. If the data were needed, it could be obtained directly from these agencies. SDE staff stated that they have no evidence that this report is used by the General Assembly.

WHAT IS THE PENNY BUYING FOR SOUTH CAROLINA?

This report is required annually by S.C. Code §59-6-30. According to SDE staff, this report has been in place since 1984 and initially was to determine how the 1¢ sales tax under the Education Improvement Act (EIA) was being spent. According to SDE staff, many of the EIA programs have changed into other programs and the report is outdated.

We found that mailing and printing costs for these reports were minimal and that staff time was the most costly expense. Producing unnecessary reports is not the best use of state resources. SDE should continue to maximize its use of the agency website for data needed by schools, districts, and the public.

Recommendations

14. The General Assembly should consider amending S.C. Code §59-36-70 to delete subsections (A)(5) and (B) requiring reports from state agencies.
15. The General Assembly should consider repealing S.C. Code §59-6-30 which would eliminate the annual assessment of the S.C. Education Improvement Act.

Contract Management

We did a limited review of four State Department of Education contracts from FY 00-01 through FY 02-03 to identify management controls and efforts to control costs. We generally found that the contracts had appropriate management controls and the department attempted to obtain cost savings when negotiating contracts. However, one of the four contracts was not procured appropriately.

Measured Progress, Inc.

This competitively-procured contract for the development of English/language arts (ELA) and math questions for the Palmetto Achievement Challenge Tests (PACT) was valid from June 1999 through December 2001. In August 2000 there was an amendment which added ELA and math item development for the benchmark assessments (see p. 34). The total cost of the contract was \$1,380,279.

Data Recognition Corporation (DRC)

This competitively-procured contract for administration and scoring services for the Palmetto Achievement Challenge Test and Basic Skills Assessment Program was valid from July 1998 through June 2003. During the period we reviewed, the department paid DRC approximately \$32 million.

NCS Pearson, Inc.

In 1998, SDE signed a competitively-procured contract with NCS Pearson, Inc. (Pearson) to provide Windows-based school administration software. This software is used by schools and includes the SASI student information system. SASI is used by all school districts and includes attendance, grade reporting, and scheduling. The total cost of the five-year contract was anticipated to be \$30.4 million with \$4.4 million coming from federal funds. For the three years FY 00-01 through FY 02-03, SDE paid \$22.7 million.

Center for Creative Leadership (CCL)

In March 2000, SDE signed an agreement with the Center for Creative Leadership (CCL) to provide training for the School Leadership Executive Institute (SLEI) for a five-year period. The SLEI provides professional development training to school and district administrators. As of March 2004, 50 superintendents and 233 principals have graduated from the program. Forty superintendents and assistant superintendents and 175 principals are currently participating, and 90 principals are registered for the next program which begins in June 2004. From FY 00-01 through FY 02-03, SLEI paid CCL \$2.2 million. This contract was not procured appropriately (see p. 21).

Management Controls

We generally found that the department had sufficient management controls over the contracts. For example, SDE's office of assessment assigns a project coordinator to each contract who is charged with managing the contract. The department ensures that communication is adequate by requiring contractors to document meetings and submit the minutes for editing and approval. The department also requires the contractors to provide monthly, and in the case of the Data Recognition Corporation weekly, status reports, outlining problems that were discovered and possible solutions.

For many of its contracts, the department has specific time frames during which work must be completed. For example, SDE develops deadlines with its contractors, and in some cases, has imposed fines if services were not completed in accordance with these schedules. The department has imposed fines on an assessment contractor, Data Recognition Corporation, for failure to meet deadlines for PACT scoring. The department fined DRC \$50,000 for failing to meet mutually-agreed-upon time lines in 1999 and 2000. In another case, SDE threatened to fine Measured Progress for failing to meet a deadline in a contract subsequent to the one we reviewed. According to an agency official, the department has had no further problems with these contractors failing to meet deadlines.

We found no evidence that the work was not performed as agreed upon in the Pearson contract. An amendment to the IT contract was signed in May 1999 which required Pearson to pay \$100 per day to compensate SDE if Pearson fails to meet a major milestone because of its own actions. According to an SDE official, no penalties have been assessed under the contract.

Cost Effectiveness

We found evidence that the department was concerned with cost effectiveness when negotiating contracts. SDE officials participate in negotiations with vendors. If they question the costs associated with a proposal, they contact the vendor and discuss it. Another way the department attempts to save money is by not informing vendors of the amount of funds it has available for a project. Officials use knowledge of standard costs for tasks that are part of an assessment contract to question cost proposals from vendors.

Although its contract with the Center for Creative Leadership was originally for a five-year period through 2004, SDE has renegotiated the contract several times. According to an SDE official, the contract was renegotiated because SDE was being overcharged in the original contract. The initial contract was based on projected numbers rather than actual participants. The subsequent agreements have been based on actual participants and a reduced tuition. Savings from the contract renegotiations were approximately \$382,000. SDE also has the ability to cancel the contract if funds are not available to pay for it.

CCL Contract Procurement

We found no evidence that the CCL contract went through the procurement process as a competitive bid or a sole source. Section 11-35-40(2) of the state procurement code applies “to *every* expenditure of funds by this State under contract...” (Emphasis added.) SDE’s agreements with CCL refer to the document as a contract. These agreements also obligate SDE to pay for these classes for several years regardless of the number of participants. By not using the procurement process to obtain these services, the department did not follow laws designed to ensure that the state’s contracts are cost-effective and most advantageous.

Additionally, SDE does not record these expenditures under non-state education and training services or contractual services. Instead these expenses are billed through non-state employee travel as registration fees. However, the invoice submitted by CCL refers to a deposit pursuant to a signed contract. By not billing these services in the appropriate category, the expenditures are not tracked and cannot be monitored adequately.

Recommendations

16. The State Department of Education should follow the S.C. Procurement Code when procuring any further services from the Center for Creative Leadership.
17. The State Department of Education should record expenditures for the Center for Creative Leadership under the proper accounting category to ensure that expenditures can be tracked and monitored.

Internal Auditor

The State Department of Education's internal auditor does not report to the appropriate official to provide adequate independence for the audit function. The internal auditor reports directly to the deputy superintendent of the division of governmental affairs and to an audit review committee comprised of SDE staff from various divisions. Internal audit could not independently audit the activities of the governmental affairs division. Also, the audit review committee reviews and approves audit findings and recommendations, the internal auditing manual, and the annual audit schedule. Since members of the committee represent various divisions within the agency which are subject to audit, they may not have an independent perspective to oversee the audit function.

Government auditing standards require internal auditors to be accountable to the head of the government entity and be located organizationally outside the staff or line management function of the unit under audit. Recent private sector issues point to the importance of an independent reporting relationship. To emphasize the value of the internal audit function and enhance its independence, the internal auditor should report directly to the State Superintendent of Education or, in the alternative, to the State Board of Education.

Recommendation

18. The State Department of Education's internal auditor should report directly to the State Superintendent of Education. In the alternative, SDE's internal auditor should report directly to the State Board of Education.

Assessment and Accountability Issues

National Board Certification Program

South Carolina has committed to paying every-increasing amounts in salary supplements to teachers who achieve national board certification, spending \$20.7 million in supplements, fringe benefits, and fee reimbursement in FY 02-03 (see Table 3.1 and Graph 3.2). For a process which obligates it to spend millions of dollars, the state should be satisfied that it has controls over the expenditures. However, the state has not ensured that there are adequate controls over funds used for these supplements. Also, research has not yet demonstrated that national board certified teachers have a greater impact on student achievement than other teachers. While it is important to find ways to reward effective teachers, the state should consider whether this is the most appropriate method.

Based on a projected 18% annual decline in new national board certified teachers, we estimate that by FY 08-09 the annual obligation to the state for these salary supplements could be more than \$50 million.

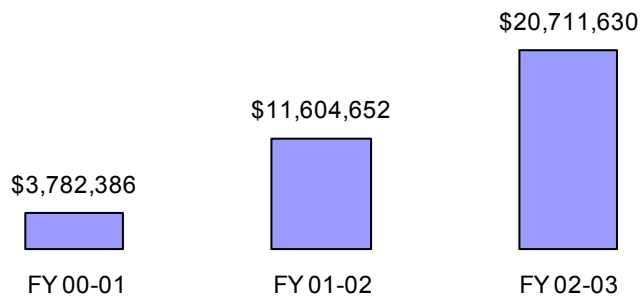
Table 3.1: Number of National Board Certified Teachers (NBCTs) by Calendar Year

YEAR	NEW NBCTS	TOTAL NBCTS*
2001	923	1,300
2002	1,068	2,368
2003	871	3,239

* Total number of teachers obtaining national certification, not the number currently teaching in S.C. public schools.

Source: Center for Educator Recruitment, Retention & Advancement.

Graph 3.2: Cost for National Board Certified Teachers FY 00-01 Through FY 02-03



Source: SDE.

Background

The National Board for Professional Teaching Standards (NBPTS) is a private organization governed by a board of directors, the majority of whom are classroom teachers. One of the board's missions is to advance the quality of teaching and learning by maintaining standards for what accomplished teachers should know and be able to do.

A teacher applying for national board certification must submit a portfolio. The portfolio includes videos of the applicant teaching, samples of students' work, and documentation of the teacher's work outside of the classroom with families, the community, colleagues, and the profession. Applicants must also pass tests administered by the board's contractor, Educational Testing Services. Once a teacher is certified, the national board certification is granted for a ten-year period.

SDE's role in the national board certification process is to transfer funding to the districts for teacher salary supplements and to the Center for Educator Recruitment, Retention, and Advancement (CERRA) for the administration of the loan program. This program, paid by the state, allows applicants to obtain a loan of the application fee of \$2,300 to remove barriers to participation in the process. If the teacher fails to obtain national board certification, all or part of this fee is to be repaid, depending on how much of the process is successfully completed.

State and Local Incentives

Each year since FY 97-98, appropriations act provisos have designated funds to provide salary supplements for teachers obtaining this certification. Since FY 00-01, the appropriations act provisos have provided that national board certified teachers would be paid \$7,500 per year per teacher for the ten-year period of national certification. Most South Carolina school districts also offer incentives in addition to the state supplement as listed below.

- Annual salary supplements ranging from \$1,000 to \$5,500. Nineteen districts offer salary supplements of \$3,000 or more.
- One-time bonuses ranging from \$450 to \$1,000.
- Professional leave days.
- Candidate and technical support.
- Retreats and workshops.
- Tuition assistance and payment of retake fees (if a portion of the test needs to be taken again).

Adding a district’s supplement to the state salary supplement, teachers can expect to add as much as \$13,000 to their salaries each year for the ten years following their national board certification. We noted that, after years of studying and paying tuition, a South Carolina teacher who earns a doctorate degree may expect to earn approximately \$6,000 more than a teacher with a master’s degree.

Other States

South Carolina offers a higher salary supplement for this certification than any other state. Other Southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia) also offer incentives for teachers to become national board certified (see Table 3.3). Mississippi offers the second highest supplement at \$6,000 per year. In addition to state supplements, all the Southeastern states had districts or counties offering additional incentives similar to those offered in South Carolina.

Table 3.3: Southeastern States’ Incentives

STATE	STATE INCENTIVE OFFERED
ALABAMA	\$5,000 annually for 10 years
FLORIDA	Annual bonus equal to 10% of prior fiscal year’s statewide average teacher salary
GEORGIA	Annual salary supplement of 10% of state base pay for 10 years
KENTUCKY	\$2,000 plus rank change increase of \$3,500–\$4,500
MISSISSIPPI	\$6,000 annually for 10 years
NORTH CAROLINA	12% salary increase (placing teacher in new level of salary schedule)
SOUTH CAROLINA	\$7,500 annually for 10 years
TENNESSEE	None
VIRGINIA	\$5,000 in initial year \$2,500 annually for life of certificate

Source: National Board for Professional Teaching Standards website and officials from other states.

According to NBPTS statistics, 32 states offer monetary incentives for certification. Incentives are primarily annual increases and one-time stipends. Some states have decreased the supplement originally offered or offer a significant initial incentive, then a lesser amount per year for the life of the certificate. Additionally, in some states, teachers receive higher supplements for teaching in low-performing schools or offering mentoring services to non-certified teachers.

National board certification has occurred most frequently in the Southeast. Five of seven states with over 1,000 national board certified teachers were Southeastern states. In FY 02-03, North Carolina had the most national board certified teachers with 6,643, followed by Florida (4,941), and South Carolina (3,227).

Lack of State Controls

The state does not have adequate accountability controls over the national board salary supplements. Teachers apply directly to the national board without any state verification. The national board does not have appropriate controls over the integrity of the process. The board verifies some basic requirements, such as applicant degrees and employment status and requires photo identification upon application and at the written test sites. However, there is no verification of much of the information in the portfolios. For example, some activities require a colleague to sign a form verifying that the applicant completed a task, but the form is then returned to the applicant, rather than submitted directly to the board. In addition, there is no local-level verification from a school principal or other administrator that the information being submitted by a teacher is accurate. This allows teachers to provide only positive information to the national board.

Because teachers have the ability to increase their salaries dramatically by becoming certified, there could be an incentive for some to attempt to enhance their portfolios. We could not identify any controls which would prevent applicants from the following actions:

- Falsifying students' writing or other work samples.
- Omitting negative information such as parental complaints about the academic or instructional quality of the classroom.
- Selecting the best class or removing disruptive students while the teacher video tapes herself teaching.
- Falsely claiming to have carried out certain tasks or roles on projects.

Also, there is no requirement that the teacher maintain the same level of performance as during the certification process. Once a teacher obtains national certification, she does not have to go through the state's teacher recertification process nor is there any follow-up with the national board. No further contact with the national board is required unless the teacher desires to apply for recertification during the eighth year of certification. A teacher who demonstrates exceptional service to parents or to the community to earn certification could cease these activities and continue to receive supplements for ten years. Florida requires teachers to receive a satisfactory appraisal annually in order to receive the salary supplement.

Research

There is no body of evidence that national board certified teachers improve academic achievement more than non-certified teachers. Several studies have been done attempting to link student achievement with certification, but many have been small in scope or their methodology has been questioned by other researchers.

Proviso 1.79 in the FY 03-04 appropriations act requires the State Department of Education to conduct a study of the effectiveness of national board certification in improving student outcomes. As of March 2004, the state contracted with the University of South Carolina to begin a study. According to the proposal, the study will compare PACT scores of students in grades 3-8 taught by national board certified teachers with the scores of students taught by teachers who do not have board certification.

More evidence should clarify the effect and value of national board certification on student achievement. The state could then more appropriately decide where the salary supplements fit in with other priorities for education spending and funding teachers' salaries.

Conclusion

The state has not ensured that there are adequate controls over a system which requires it to pay millions of dollars. Until definitive research clarifies the value of teacher board certification to student achievement, the state may wish to discontinue supplements or discontinue them to new applicants. At a minimum, the state should implement more controls over the state's funding process, such as requiring local-level verification of information being submitted to the national board, or requiring state recertification.

A low-cost way to provide greater assurance as to the integrity of the process would be to implement a system of audits. An independent review team from the State Department of Education or other agency could randomly review a small sample of teachers who received certification and verify items in the teacher's portfolio. The possibility of review could increase voluntary compliance with an ethical submission process.

Consideration should also be given to lowering the amount of the salary supplement, or offering supplements only to teachers agreeing to teach in low-performing schools, or to those national board certified teachers who mentor non-certified teachers.

Recommendations

19. The General Assembly should consider discontinuing the salary supplements for national board certification or discontinuing them to new applicants until research has demonstrated the effectiveness of board certification on student achievement.
20. If the General Assembly wishes to continue giving salary supplements for national board certification, it should require independent verification of applicants' submissions or a process whereby a sample of applicant submissions would be randomly audited.
21. If the General Assembly wishes to continue giving salary supplements for national board certification, it should consider giving a lower or decreasing amount or giving a supplement only to those teachers who teach in low-performing schools or who provide mentoring services to teachers who are not board-certified.

Testing

We reviewed the state's K-12 assessment program to determine whether it is efficient and if there are opportunities for cost savings. We found that South Carolina students are generally tested more frequently than students in other states. It is likely that the mandated state assessment program could be reduced and still adequately evaluate student performance. A more efficient testing system would free time and financial resources for other educational priorities.

Background

The State Department of Education's office of assessment is required to administer assessments that measure student performance on the state's curriculum standards. These assessments should provide reliable information that can be used to draw conclusions about student achievement. The department must develop tests that follow state and federal requirements and meet professional testing standards.

S.C. uses the Palmetto Achievement Challenge Test (PACT) to test its students annually in grades 3 through 8 in English/language arts (ELA), math, science, and social studies. PACT is used to grade schools on their performance through the distribution of report cards. PACT is the largest and most costly assessment. One of the reasons that the PACT tests are so costly is because they are not multiple choice tests, but require some extended response essay questions. These types of questions are more difficult and costly to develop and score and are more time consuming to administer.

The state also tests students at the high school level with the High School Assessment Program (HSAP) and the End-of-Course Examination Program (EOCEP). The HSAP and the EOCEP are the second and third largest and most costly assessments, respectively.

See Table 3.4 for a brief description of the state’s assessments and costs associated with them. Costs listed in the table are SDE’s contract costs, which include development, administration, scoring, and reporting. Costs do not include SDE staff salaries, overhead, or other costs incurred by SDE or school districts.

Table 3.4: State Department of Education’s FY 02-03 Assessment Program

ASSESSMENT	DESCRIPTION	GRADES	SUBJECTS	CONTRACT COSTS
Palmetto Achievement Challenge Tests (PACT)	Annual accountability assessment that measures student performance on state curriculum standards.	3rd through 8th	ELA*, math, science, social studies	\$11,210,648
High School Assessment Program (HSAP)	Meets the state requirement of an exit exam and the federal requirement of measuring student academic achievement on high school standards. Students must pass the exam to receive a high school diploma.	Given in 10th and taken until passed	ELA* and math	\$5,039,870
End-of-Course Examination Program (EOCEP)	Assessment of certain introductory courses which count for 20% of the student’s final grade.	9th through 12th**	ELA*, math, science, social studies	\$2,623,927
PACT and HSAP Alternate Assessments	Students with disabilities must be included in statewide or district-wide assessments. If it is necessary, accommodations or modifications must be made to tests, or alternate assessments must be developed.	Same as PACT and HSAP	Same as PACT and HSAP	\$870,242
Basic Skills Assessment Program (BSAP)	Test that student must pass to receive a high school diploma. Being phased out by the HSAP.	Given in 10th and taken until passed	Math, reading, writing	\$690,212
Project Star	Identifies students for participation in programs for the gifted and talented.	2nd through 5th	Verbal and quantitative aptitude	\$634,746
South Carolina Readiness Assessments (SCRA)	Teachers observe and document a student’s readiness for the 1st and 2nd grade. It is not used for retention of students or as an accountability measure.	Kindergarten and 1st	Students meet checklist-based requirements	\$564,786
PSAT	The state requires SDE to administer the preliminary SAT.	Usually 10th grade	Verbal and math skills	\$229,950
TerraNova (norm-referenced test)	The state requires a norm-referenced test or a test that measures basic concepts and skills commonly taught in schools throughout the nation.	Samples of students in three grades between 3rd and 11th	ELA* and math	\$107,709
PLAN	The state requires SDE to administer the preliminary ACT.	Usually 10th grade	ELA*, math, science	\$89,672
National Assessment of Educational Progress (NAEP)	Designed to measure what students know and can do in various subject areas at the state and national level.	A sample of students in 4th, 8th, and 12th grade	Subjects vary annually, but can include ELA*, math, science, social studies, foreign languages, and the arts	Paid directly by federal government

* English/language arts (ELA).

** Some student may take these courses earlier.

Source: SDE.

Reducing or Consolidating Assessments

Testing is an important issue in education because it allows the public to hold schools accountable for children's academic achievement. Over the past decade, testing has evolved and there has been an increased focus on testing students on curriculum standards. The federal No Child Left Behind Act (NCLB) and the state's Education Accountability Act are two laws that require the testing of K-12 children.

In addition to state-mandated tests, school districts commonly give students additional tests to diagnose students' knowledge and skills. During our review, we contacted officials at the State Department of Education and the Education Oversight Committee about the state mandated testing requirements. We also received input from 15 district testing coordinators. Opinions vary on the amount of testing necessary to ensure accountability and evaluate student performance.

In our review we found some areas where South Carolina students are generally tested more than students in other states. The effects of having more tests than necessary are varied.

- The time used for testing and preparing for testing cannot be used for instruction.
- Students become fatigued from long periods of testing.
- Developing and administering assessments is time consuming and costly.
- Remediation for students that do not perform well on assessments may be difficult and costly.

If the state reduced or consolidated some of its assessments, cost savings and other benefits would likely result.

Palmetto Achievement Challenge Tests, Science and Social Studies

One area where reducing the number of tests could be beneficial is the Palmetto Achievement Challenge Tests (PACT) for science and social studies. Currently, state law requires that students in grades 3 through 8 be tested in these subjects in addition to English/language arts and math. Most states do not require science and social studies tests in each grade and they are not required by the NCLB. Other issues contribute to the problems in testing in these subjects:

- There are problems in remediation for students who do not score well on the tests.
- Difficulties with science and social studies tests could be a reflection of difficulty in reading or math.

Test Requirements

The Education Accountability Act (S.C. Code §59-18-310[B]) requires that students in grades 3 through 8 be tested in English/language arts, math, science, and social studies. No Child Left Behind also requires annual assessments in reading or language arts and math. Beginning in school year 2007-2008, NCLB requires that science be tested once in grades 3 through 5, once in grades 6 through 9, and once in grades 10 through 12. NCLB has no requirements concerning social studies.

Other States' Assessment Programs

The Council of Chief State School Officers (CCSSO) conducts an annual survey of state and jurisdiction student assessment programs. We reviewed the survey from fall 2002 and found that just 8 of 56 tested all of their students in grades 3 through 8 in science and social studies. The other states and jurisdictions either tested some grades (1-4) or no students in grades 3 through 8 in these subjects.

To update the data in the CCSSO study, we obtained current information for nine southeastern states to determine if they tested students in science and social studies in grades 3 through 8.

- Two states, Georgia and Tennessee, test all students in grades 3 through 8 in science and social studies.
- Seven states (Alabama, Florida, Kentucky, Mississippi, North Carolina, Texas, and Virginia) either do not test at all or will soon be testing up to three grades in science and social studies in grades 3 through 8.

According to an agency official, the State Department of Education supports limiting assessments in science and social studies to three grades. If the assessments were limited, it could save the state approximately \$606,000 in testing contract costs alone. Officials at the Education Oversight Committee and some of the district testing coordinators have concerns that if the assessments were limited, then teachers may not teach the curriculum standards, and if a student is in need of remediation in these areas, it may not be detected. However, if only subjects that are tested by the state are taught, then the number of state tests would need to increase to include art, music, health, and foreign languages, etc. Furthermore, teachers have many other sources of information about student achievement, such as in-class tests and class work completed by students.

High School Level Assessments

Most of the district coordinators we contacted agreed that it would be desirable to streamline high school level assessments, which include the End-of-Course Examination Program (EOCEP) and the High School Assessment Program (HSAP). Many of the district coordinators felt that the examinations are duplicative. Some of the coordinators also expressed concerns that the assessments were expensive and the scheduling of the tests is difficult for students. If the student does not perform well on the assessments then they may have to repeat the course or participate in a remediation program. Many of the coordinators agreed that the assessments could be combined and still adequately evaluate student performance.

High School Assessment Program Requirements (HSAP)

The HSAP was created to meet both federal and state requirements. The Education Improvement Act requires students to pass an exit examination before they receive high school diplomas. The federal government's No Child Left Behind requires that states measure students' academic achievement on high school standards once in grades 10 through 12.

End-of-Course Examination Program (EOCEP)

The Education Accountability Act requires assessments in some introductory courses for grades 9 through 12. There are no federal requirements concerning the EOCEP.

There is some duplication between the HSAP and EOCEP English/language arts and math tests. According to a State Department of Education official, whether both types of tests are needed in S.C.'s accountability system depends upon the purposes of the tests. While the main purpose of EOCEP is to standardize and "push" instruction in key courses, the main purpose for HSAP is to assure that SC high school students graduate with a certain amount of knowledge/skill.

The multiple programs can make things difficult logistically for students and schools at certain levels. For example, some 8th grade students take tests in Algebra 1, English 1, and PACT (four subject areas). Some 10th grade students take EOCEP in some subjects, HSAP, PSAT, Advanced Placement exams, etc.

Recommendations

22. The General Assembly should consider amending S.C. Code §59-18-310(B) to require Palmetto Achievement Challenge Tests in science and social studies in only three grades from 3 to 8.
 23. The State Department of Education should review the End-of-Course Examination Program and the High School Assessment Program to identify ways that testing could be more efficient and still adequately evaluate student performance. The department should recommend changes to the General Assembly as needed.
-

Student Remediation

The development of plans for remediation of students who do not perform well on assessments in science and social studies is difficult and may not be needed. If a student does not perform well on the PACT or HSAP assessments, schools are required by S.C. Code §59-18-500 to develop a remediation program for the student. The student, parents, and teachers hold a meeting and develop an academic plan that will help the child meet the standards. The academic plans may involve taking additional classes, participating in after-school programs, or attending summer school.

District testing coordinators we contacted stated that the remediation plans are basically “exercises in paperwork.” The coordinators agreed that the plans are cumbersome and difficult to maintain, especially for schools that have high populations of students that do not perform well on the assessments. In some cases, the schools have so many students that are on academic plans that it becomes necessary for the districts to hire a clerk to deal with the paperwork. A testing coordinator informed us that district officials are researching software that will develop and create an academic plan for a student to make the process more efficient.

Implementing remediation plans is more difficult when parents do not participate in the process. If a child’s parent does not attend the planning session, the child must be assigned a mentor to act in the child’s best interest and help develop the plan.

The preparation of academic plans in science and social studies is particularly difficult because students may be taking an entirely different subject the following year. For instance, one year a student may be required to take biology or life science and the next year the student may be required to take chemistry or physical science. It is difficult to create remediation plans for students focusing on one set of standards when students are also being taught an entirely different set of standards.

Furthermore, many of the district coordinators and SDE officials stated that when a child has problems in science and social studies it could be because there is a problem with reading, writing, and math. Therefore, if a student needs remediation in social studies, it is often associated with needing remediation in English/language arts.

Recommendation

24. The General Assembly should consider amending S.C. Code §59-18-500(A) to limit requirements for remediation plans to English/language arts and mathematics.
-

Other Testing Issues

The State Department of Education should reevaluate its expenditures for maintaining its diagnostic tests, the benchmark assessments. Diagnostic tests can identify areas of strengths and weakness in a student's understanding of curriculum standards and assist with instruction. The benchmark tests were developed to assist districts that do not perform well on PACT. PACT test results are used for accountability; the school districts cannot obtain information on specific students' needs, such as the type or level of questions they missed. In FY 00-01 through FY 01-02 the state spent \$752,636 to develop the benchmark assessments. The SDE developed and continues to maintain these assessments and makes them available to all districts by placing the tests on its website.

However, many district testing coordinators stated that the teachers in their districts were unsatisfied with the benchmark tests and used other diagnostic tests, such as the computer-based Measures of Academic Progress (MAP) test. They felt that the SDE benchmark assessments are cumbersome to administer and grade. SDE continues to maintain the assessments although they have not tracked the use by the districts.

TerraNova

The state requirement for administering a norm-referenced test (TerraNova) is not necessary. S.C. Code §59-18-340 requires the State Department of Education (SDE), with assistance from the Education Oversight Committee (EOC), "to select a norm-referenced test to obtain an indication of student and school performance relative to national performance levels." Officials from SDE and the EOC agree that the National Assessment of Educational Progress (NAEP), which is required by No Child Left Behind and measures student performance at the state and national levels, is an equivalent test that could be substituted for the TerraNova. The department has reported that the

elimination of the TerraNova could result in potential savings as high as \$124,000.

Test Security

We reviewed the State Department of Education's security policies and procedures and generally found no problems with the department's handling of test security breaches. In June 2003, the department amended its regulations to strengthen them in the area of professional ethics. The department noticed that the assessment breaches increased from 6 security violations in FY 01-02 to 39 security violations in FY 02-03, an increase of 550%. Therefore, SDE officials felt it was necessary to add more examples of breaches to the regulations. According to officials at SDE, district employees receive training on the regulations and there are copies of the regulations listed in the test administrators' booklets.

The State Department of Education has no written policies discussing what divisions in the department are contacted when a breach has occurred or how assessment breach cases are tracked. We reviewed the assessment breach records and found that the department has done a sufficient job of tracking cases. It appears that the different divisions in the department are communicating when cases are reported and tracking the results of the cases, but the department should develop formal policies to ensure that this communication continues. As of April 2004, the department strengthened guidelines for the districts to follow when reporting test security violations.

Assessment Cost Per Item

The State Department of Education does not know the cost of test items used in its assessments. The development of assessments is a very time-consuming and costly process. The items must be developed, reviewed for bias, field tested, and then the item can finally be used in an assessment.

In June 2002 department officials worked with a reporter from Greenville to develop a cost per test item for the PACT. They estimated that if a question is lost from the PACT tests, it costs the state \$2,500 and two years to develop new items for the test. An official at the department thinks this estimate was too low because other states, such as Maryland, estimate their cost per test item at approximately \$10,000. The cost per test item is important because if questions must be removed from assessments because of security breaches, the department should be able to determine the cost to the state.

Recommendations

25. Prior to spending further money on the benchmark assessments, the State Department of Education should determine the use and efficacy of the assessments.
26. The General Assembly should consider amending S.C. Code §59-18-340 to discontinue the requirement that a norm-referenced test be administered to South Carolina students.
27. The State Department of Education should develop formal policies regarding assessment security breaches to ensure that adequate internal communication exists between the departments that handle the breaches.
28. The State Department of Education should develop information on the cost per item for state-mandated assessments.

Statistical Analyses of Assessments

There are several areas where the roles and the division of responsibilities between the State Department of Education (SDE) and the Education Oversight Committee (EOC) are not clear. We identified one function, statistical analyses of test items for technical quality, that is clearly duplicative.

The Education Accountability Act of 1998 established a performance-based accountability system for public education in South Carolina and created and outlined responsibilities of the Education Oversight Committee. The language in S.C. Code §59-18-100 *et seq.* makes it somewhat difficult to determine exactly how responsibilities are divided between the Department of Education and the Education Oversight Committee. For example:

- Section 59-18-320(D) states that “Any new standards and assessments required to be developed and adopted by the State Board of Education, through the Department of Education, must be *developed and adopted upon the advice and consent of the Education Oversight Committee.*” (Emphasis added.)
- Section 59-18-360 states that “The State Board of Education, *in consultation with the Education Oversight Committee*, shall provide for a cyclical review by academic area of the state standards and assessments....” (Emphasis added.)
- Section 59-18-370 says that the department must “...*work with the Division of Accountability* in developing the formats of the assessment results.” (Emphasis added.)

The two agencies have arrived at agreements for carrying out many of the overlapping responsibilities. However, both the Department of Education and the Education Oversight Committee conduct statistical analyses of the technical quality of test items, which is a duplication and results in extra costs and delays. SDE contracts for statistical analyses on all of the questions for assessments. These analyses identify potential issues regarding the level of difficulty, validity, and the ability to differentiate levels of achievement.

The Education Oversight Committee also conducts statistical analyses on the technical quality of test items developed by SDE. S.C. Code §59-18-320(A) states that the EOC will review the state assessment program and the course assessments for alignment with the state standards, level of difficulty and validity, and for the ability to differentiate levels of achievement. The law states that the EOC will then make recommendations to SDE. According to officials of the EOC, the agency addresses this mandate, in part, by having outside consultants perform a statistical analysis.

During 2002 and 2003, the EOC spent \$26,750 on statistical analyses for seven different assessments, an average cost per test of approximately \$3,800. We were unable to ascertain the cost of the statistical analyses contracted by SDE because statistical analyses are part of a broader contract and the costs are not separately disclosed.

SDE follows national standards for test development and its testing program is reviewed periodically by the U.S. Department of Education. The review addresses SDE's process for ensuring technical quality of its test items. The most recent review was conducted in October 2000. SDE was found to be in compliance with federal laws regarding assessments.

Since the EOC has generally approved SDE's test items since 1998 and conducts a statistical analysis similar to those conducted by SDE, it is a duplication of effort and an inefficient use of funds for the EOC to continue contracting for these analyses. Having two agencies review the technical quality of test items also creates delays that may impede the process of test development.

Recommendation

29. The General Assembly should consider amending S.C. Code §59-18-320(A) to delete the requirement that the Education Oversight Committee review the state assessment program for the level of difficulty, validity, and the ability to differentiate levels of achievement.

Performance Measures Pertaining to Student Learning

We conducted a limited analysis of the performance measures used by the State Department of Education to assess student learning as well the measures used to assess high school graduation/student dropout rates. The department has not coordinated the selection of its goals for student learning with the Education Oversight Committee (EOC). For many performance measures, the department has not set target dates for the accomplishment of its goals. Also, the educational data that SDE reports to the public each year may not be adequate for analyzing the extent to which South Carolina is achieving its goals.

Background

SDE has performance measures that pertain to student learning. They include measures such as student scores on the assessments listed below.

- Palmetto Achievement Challenge Test (PACT).
- High school exit exam (HSAP).
- End-of-course assessments.
- Scholastic Aptitude Test (SAT).
- American College Test (ACT).
- Advanced Placement (AP) examinations.
- National Assessment of Educational Progress (NAEP).

In addition, SDE measures graduation rate and dropout rate statistics. Each year, SDE reports the results of these measures in its accountability report to the Governor and the General Assembly.

The federal No Child Left Behind Act (NCLB) also provides a system of performance measures pertaining to student learning. To receive maximum federal funding, NCLB requires that states assess the percentage of students who are proficient in English/language arts, mathematics, and science in various grades. The act requires that states set yearly goals regarding the percentage of students expected to be proficient, and that the goals be increased to 100% proficiency by 2014. Schools that repeatedly fail to make adequate yearly progress (AWP) receive various forms of assistance and are subject to sanctions. SDE assesses South Carolina's proficiency in the above subjects by administering PACT and the high school exit exam (see p. 28).

Development of Performance Measures, Goals, and Target Dates

The State Department of Education and the Education Oversight Committee (EOC) share responsibility for implementing the Education Accountability Act of 1998, which requires a system of reporting to the public on student achievement. The law is not always clear in distinguishing each entity's responsibility in implementing the system of accountability (see p. 36).

We found that SDE and the EOC do not always share the same educational goals or target dates for assessing the goals. As a result, in the years to come, it may not be clear what will be viewed as a success. For example:

- SDE has informed the federal government that South Carolina has a goal that 79% of students will score proficient or above on PACT by 2010. The EOC's long range plan states that 90% of students will score at or above grade level on PACT by 2010.
- SDE's strategic plan states that South Carolina scores on the SAT and the ACT will increase each year "to meet and surpass the national average." SDE has no target date for accomplishing this goal. The EOC's long range plan states that South Carolina will rank in the top half of states on both tests by 2010.
- SDE's strategic plan states that the performance of South Carolina's 4th and 8th grade students on NAEP will increase "to meet and surpass the average for southeastern states in all subjects tested." SDE has no target date for accomplishing this goal. The EOC's long range plan states that South Carolina will rank in the top half of all states on NAEP by 2010.
- In a 2003 report to the federal government, SDE stated that South Carolina will have a "100% graduation rate by 2013-14." SDE's strategic plan contains no goals or target dates for this area. The EOC's long range plan states that by 2010 South Carolina's high school completion rate will be at or above the national average and that the dropout rate will rank "in the lower half of states."

There has been a lack of coordination between SDE and the EOC in this area. This can be further shown in the school district and school report cards that are issued each year by SDE in a format developed by the EOC. The report cards refer to the EOC's 2010 target date for accomplishing student learning objectives, but this target date appears nowhere in SDE's strategic plan or annual accountability report. A single set of performance measures, goals, and target dates for student learning would allow the General Assembly and the public to better determine whether the state's educational reform efforts are working.

Data Reporting

The educational achievement data reported by SDE each year could be improved. The statewide data in SDE's annual accountability report is not in a form that allows the general public and local educators to determine easily whether South Carolina is achieving its educational goals. For example, SDE did not report its PACT and exit exam goals and target dates in its 2003 accountability report. The accountability report contained charts and tables that show test score results but did not indicate SDE's success toward meeting those goals and target dates. For the NAEP, SAT, and ACT exams, the department also did not include its goals and, as noted above, had not established target dates.

Also, SDE has not provided student learning data to local educators and the general public that can be easily used to identify schools that overcome common obstacles to achieve success in student learning. If this information were available, these schools' practices could be studied for ideas that can be used in underachieving schools. SDE's district and school report cards include a comparison of scores between districts and schools with students of similar family income, but the report cards do not identify which schools or districts have been compared. Other states provide more detailed and useful information.

Michigan and Pennsylvania have interactive educational achievement data on the Internet that is available to the general public. For example, the parents of a student can generate a list of schools that have higher test scores than their child's school despite having fewer resources and a greater percentage of students from low-income families.

Improved data analysis capabilities could also assist SDE in evaluating the results of its intervention and assistance programs (see p.). SDE has requested an additional \$2.5 million, in its FY 04-05 appropriation request, to improve its data analysis capacity. However, because we did not conduct a comprehensive review of the department's data capabilities or available funding, we cannot conclude whether additional appropriations are needed or whether existing funding would be adequate.

Recommendations

30. The State Department of Education and the Education Oversight Committee should develop and use a single set of performance measures, goals, and target dates pertaining to student learning as well as high school completion/ student dropout rates.

31. The State Department of Education should include all relevant goals and target dates when publicly reporting educational achievement data, so that South Carolina's progress toward achieving its goals can be easily determined.
32. The State Department of Education should provide educational achievement data to the general public and local educators that can be easily used to identify school districts that have overcome obstacles to achieve success in student learning.

Accreditation Function

The State Department of Education's (SDE) accreditation function duplicates the work of other entities and should be reduced in scope. SDE is responsible, according to S.C. Reg. 43-300, for assigning an accreditation classification to all public schools in the state. The accreditation unit stated that they use three methods to determine the classification of a school.

- Self-reporting by each school principal.
- Conducting queries on SDE's database regarding teacher/staff certification.
- On-site monitoring.

However, since FY 00-01, the department's primary on-site monitoring has been limited to low-performing schools and summer schools. In FY 03-04, however, due to budget constraints, the unit had not conducted any on-site monitoring visits as of March 2004. An accreditation function which relies solely on self-reported information does not provide a meaningful control.

Most deficiencies cited during the accreditation process have been related to personnel, primarily identifying teachers who are not properly certified. Within SDE, two other divisions also check on teacher certification.

- The office of district auditing and field services verifies teacher certifications for schools of the districts being audited. According to that office, approximately 20 districts are audited annually.
- The teacher certification area of teacher quality will verify that teachers are "highly qualified" by determining if the teacher is appropriately certified and teaching the proper classes. SDE is required, under federal No Child Left Behind Act requirements, to make this determination.

Southern Association of Colleges and Schools

The majority of schools in South Carolina are also accredited by the Southern Association of Colleges and Schools (SACS). Although this is a voluntary membership, as of January 2004, approximately 93% of high schools, 90% of middle schools, and 85% of elementary schools in the state were accredited by SACS. According to SDE and SACS staff, both entities' standards for accreditation are similar. The SACS accreditation process provides better controls. Schools report annually and SACS conducts an on-site peer review every five years for each accredited school. Currently, the department's accreditation unit does not coordinate with SACS.

The department could develop a formal agreement with SACS identifying what parts of its accreditation could be accepted by the state. This would help eliminate the duplication of effort for schools which are accredited by both entities. SDE already recognizes SACS requirements in one area. Under S.C. Code §59-139-11, SDE allows schools to substitute the SACS five-year plan for the comprehensive plan required by the state. The state could accept SACS accreditation for agreed-upon standards and focus on a more meaningful review of schools that are not SACS-accredited.

Expenditures

According to the department, expenditures for the accreditation unit increased from \$459,046 in FY 01-02 to \$565,653 in FY 02-03. Personnel costs accounted for \$400,910 (71%) of that amount in FY 02-03. As of January 2004, there were seven staff members in this unit, including three administrative positions. Since the primary deficiencies are being reviewed by other entities and SDE's accreditation division is not conducting on-site monitoring, the unit's staff size could be significantly reduced and resources could be reallocated elsewhere. A limited number of employees could accredit schools which are not accredited by SACS and ensure compliance with any state standards not addressed in SACS accreditation.

Recommendations

33. The State Department of Education should coordinate with the Southern Association of Colleges and Schools and formulate an agreement to reduce the state's role in accreditation for schools already accredited by SACS. The department should promulgate regulations to reflect these changes.
34. The State Department of Education should decrease the staff size of the accreditation unit and reallocate those resources.

Intervention and Assistance Programs

We reviewed SDE's programs that provide assistance to low performing schools. The state spent more than \$46 million for these programs in FY 02-03. We found that the department has not yet implemented adequate measures that can be used to determine program results. In addition, controls over program expenditures could be improved.

EAA Intervention and Assistance Programs

The Education Accountability Act (EAA) requires that the state annually issue report cards for each school. The report cards categorize schools as shown in Table 4.1. The school rating is based on an absolute value which is calculated based on factors that measure student success during the year. The factors measured vary depending on the type of school. For example, an elementary school measures the percentage of students meeting standards on the PACT while a high school includes a measurement for exit examination performance. The EAA lists specific steps to be taken for schools whose ratings are below average or unsatisfactory (S.C. Code §59-18-1500 *et seq.*).

Table 4.1: School Report Card Ratings 2003

RATING	ABSOLUTE VALUE 2003
Excellent	3.4 and above
Good	3.0 to 3.3
Average	2.6 to 2.9
Below Average	2.2 to 2.5
Unsatisfactory	Below 2.2

Source: Education Oversight Committee.

Most of the Education Accountability Act assistance programs are operated within the office of school quality at SDE. According to SDE officials, there are not enough funds available to provide full assistance to every school in need. SDE has used a "tiered" concept in which the lowest performing schools get the most assistance. Tiers are based on a school's absolute score on the report card results (see Table 4.2). Those schools in Tier I would receive the most assistance.

Table 4.2: Tiers Used to Determine School Assistance

SCHOOL TIER	ABSOLUTE VALUE 2002 REPORT CARD	SCHOOLS SERVED 2003-2004 SCHOOL YEAR
Tier I	1.0 to 1.8	19
Tier II	1.9 to 2.1	28
Tier III	2.2 to 2.5	159

Source: SDE.

Program Descriptions

External review teams determine the types of assistance schools receive. The law (§59-18-1510) requires that an annual review be conducted before any onsite assistance is provided. According to an official, the purpose of the review is to help the school find out the causes of its unsatisfactory rating and identify what programs will help the school improve.

An external review results in the development of a technical assistance plan, which may include the assignment of teacher specialists or other assistance programs. SDE provides the schools with financial support such as retraining grants, homework center grants, and curriculum and instruction funds.

For a brief description of the personnel who offer intervention and assistance in schools see Table 4.3. SDE is to recruit, train, and monitor these personnel. Additional assistance is provided to schools rated unsatisfactory or below average (see Table 4.4). Schools receive intervention and assistance funds which must be used to improve student performance and tied to the school renewal plan.

Table 4.3: Onsite Intervention and Assistance Personnel FY 03-04

PROGRAM	DESCRIPTION	PARTICIPANTS	COMPENSATION	
			ANNUAL SUPPLEMENT FY 03-04	AVERAGE SALARY*
TEACHER SPECIALIST	Serves as coach and mentor to existing teachers and teaches three hours per day	210	\$20,330	\$88,873
CURRICULUM AND INSTRUCTION FACILITATOR	Focuses on curriculum and instruction (in home district)	**157	\$6,000	\$66,925
CURRICULUM SPECIALIST	Focuses on curriculum and instruction in school	41	\$20,330	\$98,915
PRINCIPAL SPECIALIST	Serves as principal when former principal is dismissed or position is vacant	16	\$25,412	\$124,041
PRINCIPAL LEADER	Coaches and mentors existing principal (full-time)	9	\$20,330	\$120,251
PRINCIPAL MENTOR	Mentors existing principals (15 visits per year)	***8	\$3,000	N/A

* Includes supplement and fringe benefits.

** Includes 147 part time CIFs earning a \$5,000 supplement.

*** Eight mentors serving 12 schools.

Source: SDE.

Table 4.4: FY 03–04 Intervention and Assistance Grants to Schools Rated Unsatisfactory and Below Average

PROGRAM	DESCRIPTION	SCHOOLS SERVED	FUNDS DISTRIBUTED	
			UNSATISFACTORY	BELOW AVERAGE
HOMEWORK CENTERS	Non-competitive grants to schools to offer additional assistance to students to increase academic performance	205	\$41,798 per school	\$18.66 per pupil
RETRAINING GRANTS	Funds allocated for professional development activities for school faculty and administration based on the needs identified in the school renewal plan	276	\$550 per certified staff member	\$550 per certified staff member

Source: SDE.

Expenditures for State Technical Assistance Programs

EAA programs have been funded by Education Improvement Act funds, general funds, and lottery funds. The office of school quality consolidates these funds and allocates the funding for the various programs. Most of the state assistance funds are expended for salaries of personnel, such as teacher specialists (see Table 4.5).

Table 4.5: Expenditures for State Intervention and Assistance Programs

PROGRAM	FY 01-02	FY 02-03	FY 03-04*
External Review Team	\$889,349	\$742,021	\$1,179,323
Teacher Specialists	15,246,138	22,248,003	28,453,054
Curriculum Instruct Facilitators	0	5,136,144	2,301,742
Curriculum Specialists	3,241,987	4,027,504	4,105,045
Principal Specialists**	933,075	1,318,494	3,513,791
Principal Leaders	1,557,355	1,275,727	1,510,907
Homework Centers	3,633,236	3,608,280	3,525,299
Retraining Grants	4,555,950	6,933,867	8,530,253
Other***	974,714	1,089,214	2,150,472
TOTAL	\$31,031,804	\$46,379,254	\$55,269,886

* Amounts listed for FY 03-04 are budgeted amounts as of March 2004; they are not actual expenditures.

** Includes expenditures for principal mentor program.

*** Includes additional professional development, SDE personal services, operating, and flow-thru support.

Source: SDE.

Program Results

While it may be premature for SDE to know whether the individual intervention and assistance programs have been successful, we found that the department has not implemented adequate measures that can be used to determine the results of these programs. Several department officials stated that SDE rates the success of these programs on the number of schools that are no longer rated as unsatisfactory or below average. We noted that other SDE programs also rate their success based on a decreased number of unsatisfactory and below average schools. Although this may measure school improvement, SDE has no reliable way to tie the results to the technical assistance programs. As a result, the department can not plan sensibly for future funding allocations or prioritize funding for the most effective programs. Having fewer unsatisfactory schools does not mean that each program is working, just as more unsatisfactory schools would not mean that none of the programs was working.

Most of the programs implemented by SDE were developed according to EAA requirements. However, the department did not provide evidence that the programs were shown by research to be effective at increasing student achievement in other entities.

Quantifiable Measures Needed

In order to evaluate the success of the intervention and assistance programs, SDE must develop specific quantifiable measures linked to each program and evaluate these measures on a regular basis. Without this type of analysis, SDE has no way of knowing whether funds are being used efficiently to increase student performance.

SDE officials agree that establishing measures to look at specific student performance based on the assistance received in their school or grade level would be the best way to evaluate these programs. For example, one official would like to track the performance of 6th grade students in math where there is a 6th grade teacher specialist for math.

One program, the homework center program, has the ability to obtain individual student progress information but has not done so. The SDE guidelines for the program require that centers report test data for students attending the centers. However, a department employee stated that the department has not collected or analyzed this information. A similar federal program which provides homework assistance does require individual student progress data. The federal programs are competitive grants that may be provided by organizations other than schools.

Current Program Analysis Conflicting

The results of analyses which examine other measures beyond the reduction in the number of schools on the unsatisfactory and below average lists have been conflicting. We reviewed reports by the Education Oversight Committee, a study by a private contractor, and data collected by SDE. We did not find clear evidence that the technical assistance programs have increased student achievement. While there has been a reduction in the number of schools on the unsatisfactory and below average lists (see Table 4.6), the reasons for the decrease are unclear. Further analysis of some reported data shows that the programs may not be improving student achievement.

Table 4.6: Schools Scoring Unsatisfactory and Below Average by Year

YEAR	UNSATISFACTORY SCHOOLS	BELOW AVERAGE SCHOOLS
2001	62	185
2002	47	159
2003	40	138

Source: SDE.

SDE's Program Analysis

The office of school quality reviewed the results of the intervention and assistance programs by reviewing the change in absolute value from 2001 to 2002. They looked at a sample of 33 schools that had teacher specialists in the majority of grades 3 through 8 in elementary or in English/language arts and math in middle or secondary schools. Based on the schools reviewed, SDE found that 22 (67%) of the schools had a gain in their absolute values (see p. 43) from 2001 to 2002. SDE cited even higher numbers for those with a teacher specialist and a curriculum specialist or principal leader or principal specialist. SDE concluded that these results indicate that the more services provided, the higher the percentage of improvement.

We found the following problems with this analysis:

- There was no control group of other low achieving schools receiving different amounts of technical assistance.
- Since 11 (33%) of the 33 schools showed a decrease in their absolute values from 2001 to 2002, the positive effect of the programs was not clear.

- The analysis does not show that adding additional services increases student performance; these schools could have improved solely due to a single program.
- Data for one year is not sufficient to show an effect. We reviewed an additional year of data for the 33 schools. We found that only seven of those schools with onsite assistance in school year 2002-2003 showed additional gains in their absolute values from 2002 to 2003.

MGT of America Study

In 2002 SDE contracted with MGT of America to conduct a review of its technical assistance programs. The report evaluated the programs based on staff interviews, SDE data, stakeholder interviews, survey results, and school site visits. The report did not focus on the value of the programs in increasing student achievement, but contained both favorable comments and recommendations for program administration.

EOC Reviews of Retraining Grant Program and Teacher Specialists

The Education Oversight Committee has reviewed both the teacher specialist and retraining grant programs. The reports published to date did not focus on whether the programs were successful; they noted that changes were needed to improve the programs.

Retraining Grants

The EOC reviewed the FY 02-03 retraining grant program. The EOC reviewed each school's use of retraining grant funds to determine "effective use," whether all activities undertaken with the funds were targeted to improve student learning. The report identified deficiencies for each of the schools that listed activities. A problem noted with the program was that schools were unable to spend the allotted funds in a single year. Schools do not receive the retraining grant funds until an external review has been completed. If these funds are provided in the spring, the school may have a difficult time finding appropriate professional development programs that conclude prior to June 30. In addition, over 18% of the schools did not report how they spent the funds. The report recommends improving the program by delaying funding until schools report on expenditures and evaluating the timing and amount of funds given to allow 100% use.

Teacher Specialist

The Education Oversight Committee has published two of three planned reviews of the teacher specialist program in conjunction with the Education Policy Center at the University of South Carolina. According to the study, the primary research question is: "Does student achievement improve in

schools assigned teacher specialists?” This question may be addressed more fully in the upcoming third report.

The first two reviews have been largely based on an analysis of survey responses given by teacher specialists, teachers, and principals in the schools which have received assistance. Although the responses to surveys were generally positive, the report noted that there is little orientation given to teachers where the program will be implemented, and thus teachers have little understanding of what the specialist’s role should be. The report noted problems with evaluation based on the different ways the program was used in the schools receiving assistance. Again, if each program is different, it is impossible to determine what causes success.

Our Review of EOC Numbers

We found that data reported by the EOC in the 2004 report suggest that the teacher specialist program has not had a positive impact on student achievement for English/language arts (ELA), but has shown positive impact for mathematics (math).

We reviewed the ELA and math scores on the PACT test from 2002 to 2003 as provided in the EOC report. For those schools with a teacher specialist we found that on average the number of students scoring “below basic” on ELA PACT increased and the average number of those scoring “proficient” or “advanced” on ELA decreased (see Table 4.7) . There were only five cases noted where students improved 5% or more in the percent that scored “below basic” on PACT ELA.

Table 4.7: Changes in PACT ELA and Math Scores in Schools With a Teacher Specialist

YEAR	% OF STUDENTS SCORING BELOW BASIC		% OF STUDENTS SCORING PROFICIENT OR ADVANCED	
	ELA	MATH	ELA	MATH
2002	46.25%	55.12%	11.96%	9.06%
2003	51.04%	48.79%	10.21%	9.40%
Change	4.80% Increase	6.30% Decrease	1.80% Decrease	0.34% Increase

According to an SDE official, ELA scores decreased for the state as a whole. This report did show an increase in math PACT scores for the same time period.

Also, from school year 2000-2001 to 2002-2003, the changes in the improvement rating (a measure based on improvement in the absolute value) for schools with teacher specialists were as follows:

- 20 had no change in rating.
- 10 had a positive rating change.
- 24 had a negative rating change.

Varying analyses offer various results, which emphasizes the need for SDE to develop reliable valid measures for each of the assistance programs. According to SDE officials, change normally takes three to five years. SDE notes that there has not been sufficient time to see substantial results; however, results will never be seen if specific and reliable measures are not developed. Officials also noted that staff is not available to analyze the programs. A shifting of staff resources may be necessary to obtain appropriate data on program results.

Recommendation

35. The State Department of Education should develop quantifiable measures for student achievement directly related to each intervention and assistance program to determine which programs are having a positive impact on student achievement.

Program Controls

We found that some of the intervention and assistance programs need improved management controls. The expenditure of certain supply funds was not monitored at an acceptable level. Also, although most of the programs have detailed requirements and policies and procedures, documentation of evaluation and monitoring of the programs was not available for some programs.

Supply Funds

Principal specialists are allotted \$15,000 and principal leaders are allotted \$25,000 for the purchase of instructional materials at the school where assigned. Principal leaders can use these funds to purchase any instructional materials for the school. According to SDE officials, staff monitors the amount of funds spent. However, the department could not provide documentation that it monitored expenditures for the principal leaders. According to officials, due to administrative turnover, SDE did not track total

expenditures by leader. Without monitoring, the principal leader could spend more or less than allotted.

We reviewed the records of supply funds for the 2002-2003 school year in the principal specialist program and found that they were maintained appropriately. For FY 03-04 the funds are provided to the school where the specialist is serving with the stipulation that they are to be used only for items directly related to the school goals established by the specialists and approved by SDE. However, SDE will not be monitoring the use of these funds.

Lack of Reporting on Schedules and Logs

Although most programs have appropriate policies for monitoring participants, not all policies have been implemented. For example, the teacher specialist and curriculum and instruction facilitator programs require that the following be reported:

- TEACHER SPECIALISTS – SDE is to conduct an annual evaluation of the specialist including the review of lesson plans, schedules, observation, and input from teachers and principals. Specialists are required to furnish weekly schedules, weekly logs, lesson plans, instructional focus plans, and leave request forms.
- CURRICULUM AND INSTRUCTION FACILITATORS – Facilitators are required to furnish monthly focus plan, planned weekly agenda, adjusted weekly agenda, staff development reflection logs, leave forms and travel reimbursement forms.

SDE staff could not provide documentation of these items. According to SDE officials, they have not evaluated the teacher specialists due to a lack of travel funds, and the weekly information was not maintained due to a computer programming issue. An SDE official agreed that it is important to be able to document this information for program evaluation, as well as personnel issues that may arise.

Although some programs were lacking information, the curriculum specialist, principal specialist, and principal leader programs generally had appropriate controls for activity reporting. In limited samples, we found documentation of quarterly progress reports and weekly requirements as applicable.

Recommendation

36. The State Department of Education should strengthen its controls over the monitoring of intervention and assistance programs to ensure that all reporting requirements are being met and that funds are being used appropriately.

Administrative Organization

Oversight of the technical assistance programs could be improved if they were administered collectively. The intervention and assistance programs required by the EAA are located in different areas of SDE. The homework centers are administered by the division of district and community services, the principal specialists program by the office of school leadership, and the other programs reviewed by the office of school quality (see p. 55).

There may be inefficiencies in operating the principal specialist and principal leader programs in separate offices. For example, these programs may attract the same candidates as they have similar requirements. Having duplicate recruitments and evaluations may not be an efficient use of resources.

Recommendation

37. The State Department of Education should consider whether it would be more efficient to administer all intervention and assistance programs in the office of school quality.

Federal Funding for Intervention and Assistance

We conducted a limited review of federal funding for intervention and assistance to low performing schools. While there are numerous federal programs with funding available for items that may be viewed as intervention and assistance, currently few federal funds are allocated specifically for use in programs similar to those required by the state Education Accountability Act. There are restrictions on the use of federal funds; they cannot be used to supplant current state funding, only to supplement the funding.

Title I Funding

According to SDE officials, Title I is the largest of the federal education programs. Approximately half of South Carolina schools (549) are Title I schools. Title I schools are high poverty schools that receive federal funds under Title I, Part A of the Elementary and Secondary Education Act,

reauthorized as the No Child Left Behind (NCLB) Act of 2001. The funds are to be used for the purpose of implementing additional instructional services, professional development, and other strategies to improve student achievement, particularly in the areas of reading and mathematics. Title I also requires the state to develop standards, an accountability plan, improvement processes, and high quality teacher standards for all schools. Table 4.8 shows the amount of Title I Part A funds allocated to South Carolina.

Table 4.8: Federal Title I Part A Allocations for South Carolina

YEAR*	ALLOCATION
01-02	\$112,033,251
02-03	\$142,363,522
03-04	\$157,877,214

*Federal fiscal year (October 1 – September 30).

Source: SDE.

Title I Funding for Intervention and Assistance

With the federal NCLB legislation, schools are required to withhold a percentage of their Title I funds for technical assistance. Specifically, if a school is defined as “in school improvement” (failed to meet adequate yearly progress [AYP] for two years), then the school must offer supplemental services and its students can choose to attend another school. Schools must set aside 20% of their Title I funding for school choice transportation and supplemental services. Also, schools must withhold 5%–10% of Title I funds for professional development. Beginning in 2003, non-Title I schools were held to the federal AYP standard.

Currently, SDE is distributing 2% of the Title I allocation to districts to use in assisting their schools which are in school improvement.

Restrictions on Use

Title I funds are restricted and should be used to supplement and not supplant existing funding. They are also restricted by the requirements for districts to compare whether there is fair and equitable funding between Title I and non-Title I schools. For example, the state could not use all its funding for non-Title I schools and expect to use federal funds for the Title I schools. Another restriction is that funding has to be targeted to reading and math to meet sufficiency by 2013. According to officials, science may soon be included as a target subject.

According to an SDE official, the federal government has not issued detailed guidance on “supplement not supplant.” For instance, if the state completely cancelled a program, such as teacher specialists, for all schools, a Title I school would not necessarily be prohibited from using Title I funds to fund a similar program. The use of funds is approved on a case-by-case basis; however, individual schools have discretion as to how they use Title I funds unless they are in school or district improvement. In those cases, the district or the state would have input into how the funds are used.

Current Title I Uses

According to an SDE official, Title I schools can develop their own plans for use of their funds as long as the school or district is not in improvement. However, Title I funds should be used for purposes that have been shown by research to be effective. S.C. schools have spent Title I funds for a variety of purposes. Some examples of expenditures we found in the school plans submitted to SDE follow:

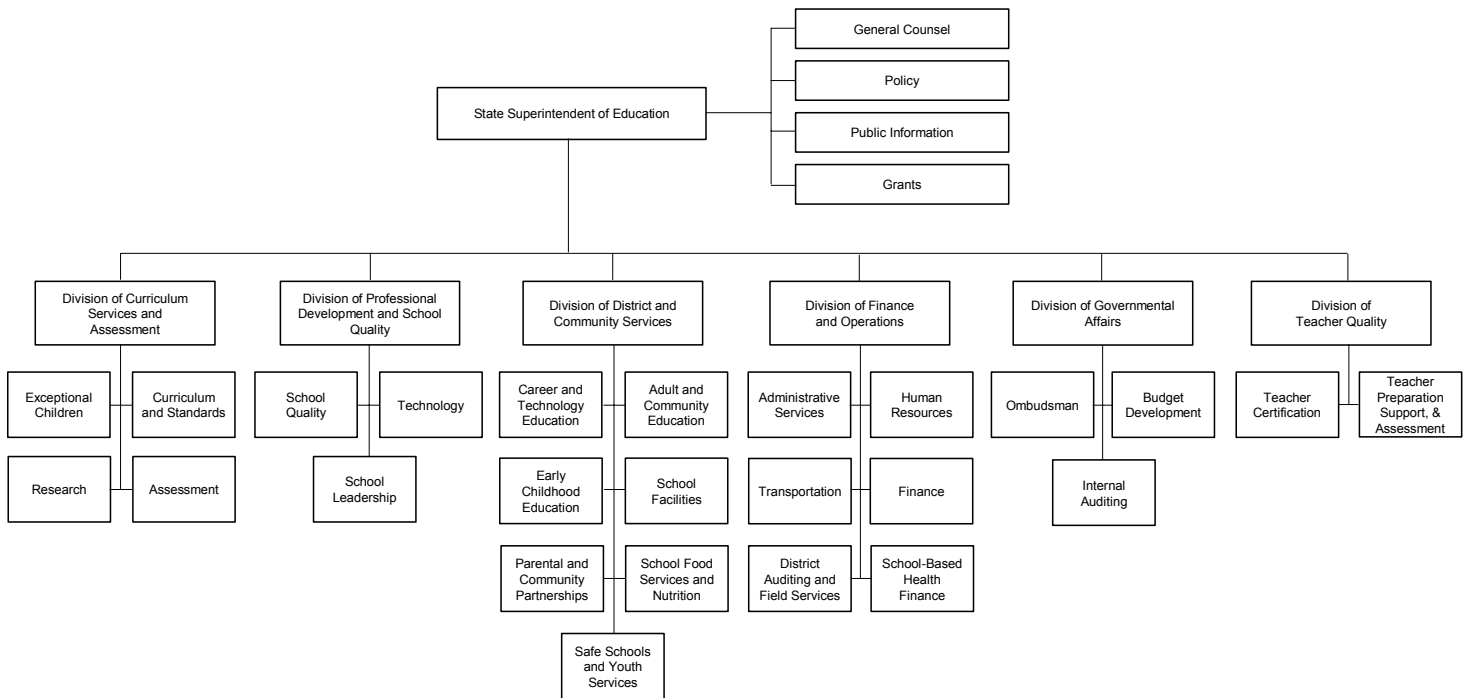
- Reduction in class size for math and language arts.
- Staff for a reading recovery program.
- Before-school program.
- Supplies for math department and class libraries.
- Title I lead teacher.
- After-school program for low achieving students in reading, math, science, and social studies.
- Teacher training.
- A curriculum coordinator.
- Literacy coach providing professional development and peer coaching for teachers.

Based on current uses of Title I funds and the school’s ability to choose how funds are used, there is potential to provide more intervention and assistance with federal funding. In addition to Title I funds there are other sources of federal funding that may be available for these programs.

Recommendation

38. Where possible and allowed by law, the State Department of Education should encourage the use of federal funds for intervention and assistance programs in order to reduce the strain on state resources.

SDE Organization Chart



Source: SDE.

Appendix A
SDE Organization Chart

Agency Comments

Appendix B
Agency Comments

STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

INEZ MOORE TENENBAUM
STATE SUPERINTENDENT OF EDUCATION

May 13, 2004

Mr. George Schroeder
South Carolina Legislative Audit Council
1331 Elmwood Avenue
Suite 315
Columbia, South Carolina 29201

Dear Mr. Schroeder:

Please find enclosed the State Department of Education's response to the Legislative Audit Council's Report, A Review of the State Department of Education and Issues of Efficiency and Accountability in K-12 Education. We appreciate the opportunity to respond to the audit's findings and recommendations.

Very truly yours,



Inez Tenenbaum
State Superintendent of Education

IMT/ems
Enclosure

State Department of Education's Response to the Legislative Audit Council's Report

The State Department of Education (SDE) appreciates the opportunity to respond to the Legislative Audit Council's (LAC) report. We certainly welcome and will carefully consider any suggestions that might enhance the agency's efforts to use state funds more efficiently and effectively.

Overall, the LAC finds that the SDE is a good steward of state tax dollars. Given the sweeping scope of the audit—nearly 5,000 hours of LAC staff time over the past seven months—we are encouraged but not surprised at some of the key findings. The LAC review found that:

- Salaries of SDE employees are set at appropriate levels, although in some cases they may actually be lower than similar public education and private-sector jobs.
- State requirements for granting employee raises have been followed, and justification and documentation were found for staff pay increases.
- The SDE exercises effective management controls over contracts, a particularly important finding because the agency handles more than 800 contracts each year.
- No evidence was found of noncompliance with state travel regulations.

Many of the LAC's recommendations have merit, and several of them support actions that the agency has already taken or recommended to the General Assembly. We do believe, however, that several LAC findings and/or recommendations are based on incorrect assumptions. We are concerned that these instances, if taken out of context, might lead to conclusions that contrast significantly with the report's overall positive findings.

Expenditures for travel, meals, and conferences

The SDE is pleased that the LAC found no incidences of noncompliance with state travel regulations. The agency continues to take steps to ensure efficient use of funds for travel and conferences and will redouble its efforts to ensure that reasonable costs are incurred.

The LAC audit reviewed lodging expenditures and highlighted several that were dramatically higher than SDE averages. From a management perspective, the agency's ongoing challenge will be to monitor these kinds of expenses and lower costs. In the future, any exceptions to federal lodging guidelines will be proposed directly to the Deputy Superintendent of Finance prior to travel.

It should be noted, however, that exceptions will still occur because there are other lodging issues in addition to cost. An example of such an exception is the most expensive lodging cost highlighted by the LAC. There were several reasons for this particular exception, and together they illustrate why such decisions will continue to be made on a case-by-case basis:

- Importance of the trip – The SDE employee attended an important national conference in Orlando relating to the implementation of the federal No Child Left Behind Act (NCLB) and the expenditure of more than \$165 million in federal funds. It was vital that South Carolina be represented.
- Safety of the employee – The employee in this case was a single woman traveling alone in an unfamiliar city. Upon learning that there were no other hotels near the conference hotel that were less expensive, this employee, in concert with her office director, made the decision to stay at the conference hotel despite the rate.

- Ancillary costs – Had the employee stayed off-site at another hotel, she would have been forced to pay additional daily costs (car rental or taxi).

An additional note: Federal guidelines permit higher lodging costs if the employee is staying at the hotel where a conference is being held, but the LAC says that this federal exception should not apply to the SDE. The agency questions why the LAC would compare state-funded lodging expenses to federal guidelines, then assert that a recognized federal exception to those allowances is not appropriate for state expenditures.

Once again, it's important to point out that the lodging expenses highlighted in the audit do not represent average costs. For the most recent fiscal quarter of 2004, the SDE's average cost for out-of-state hotel rooms was \$99.50, including trips to cities such as Washington, D.C., with high room rates. The in-state average during the same period was \$72.75. These averages reflect instances where SDE employees "doubled-up" on accommodations to save money.

Overall, travel expenditures for SDE employees have declined dramatically in recent years. For example, out-of-state travel expenditures for SDE employees this fiscal year will be less than half of what they were three years ago.

There have been increases in travel expenditures for non-SDE employees, however, because the agency has taken on unprecedented training responsibilities. The LAC points out that more than half of the agency's travel expenditures are to reimburse local school district employees for their participation in professional development aimed at helping local schools meet the mandated goals of either NCLB or the South Carolina Education Accountability Act of 1998 (EAA). In just the single year reviewed by the LAC (2002-03), the Education Department trained more than 40,000 teachers, mostly providing guidance on teaching new South Carolina curriculum standards that are among the nation's most rigorous. We believe the effectiveness of these training efforts have been borne out by recent research studies that have highlighted South Carolina as a national leader in improving test scores on both the SAT and the National Assessment of Education Progress (NAEP) tests required by NCLB.

Efficient use of meeting time and the availability of sites large enough to accommodate these training conferences are other factors that the LAC did not consider in its findings. The SDE prefers to provide meals at its professional development sessions to efficiently use all available time during the training day. Sending participants off-site for lunch, often from locations without restaurants nearby, can consume up to two hours. By providing lunches, however, training can continue throughout the entire day with more time "on task."

The SDE disagrees with the LAC's recommendation that the agency stop its practice of providing meals at one-day training programs for local educators. That would have two effects, both of them negative. First, sending training participants off-site for lunch would significantly reduce the amount of time available for actual training. And second, eliminating the provision of meals at one-day events would only shift these costs to participating local school districts and lead to declining participation, particularly by employees from less affluent rural school districts. These districts, which already have absorbed six mid-year budget cuts over the last three years, would be forced to choose between participating in vital training programs or cutting other important initiatives.

Catered meal costs spotlighted by the LAC are not representative of the SDE's average costs. For example, the average cost of a catered SDE meal for the most recent fiscal quarter of 2004 was \$8.50, a figure that includes taxes, service charges, and gratuities. In addition, the

asterisks that accompany charts demonstrate how meal costs can be offset by private-sector sponsorships or registration fees.

Nevertheless, the SDE certainly agrees that catering costs should be carefully monitored. We will investigate the LAC's recommendation that centralizing the agency's event planning might result in most consistent cost savings.

Postage and cell phones

The SDE does not believe that the LAC adequately supports its assertion that the agency has not taken advantage of opportunities for postage savings. The SDE primarily mails to people and organizations not served by the state's interagency mail service. In addition, the SDE has already achieved substantial savings by phasing out traditional mailings and replacing them with e-mail and web-based communications.

The SDE is examining current rate plans to identify any potential cost savings for cell phones. The agency does have accurate information on cell phones because billing has been centralized, and a purchase order is issued on every cell phone for which the SDE makes payment. Also, the SDE has developed a new cell phone policy that will clarify usage and assignments.

Dues and memberships

The term "dues and memberships" is somewhat misleading because these expenses include such costs as the state's participation in national organizations involved in developing or improving student testing programs. The SDE has institutional memberships in national education groups because it allows us to participate in their programs and use their publications for excellent instructional resource materials for both agency and district staffs. The SDE has cut back on the number of agency-sponsored professional memberships for individual staff professionals, despite what we believe are obvious benefits.

SDE employee salaries

Salaries of SDE staff have been criticized as excessive by the leaders of several South Carolina organizations. It is gratifying that the LAC found no evidence to support these criticisms, and also that appropriate justifications and documentation were found for all staff raises. In addition, the LAC concurred with the SDE's long-held position that school bus mechanics are underpaid, even in relation to mechanics who work for other state agencies.

The intensity and volume of the SDE employees' workload has increased in recent years due to new state and federal mandates at a time when program staffing is "down" about 100 positions from approved levels due to state budget cuts.

The SDE agrees with the LAC that a review of salary levels for SDE personnel would assist in highlighting the growing challenge faced by the agency in remaining competitive for quality staff with other state education departments, local school districts, and private-sector education businesses. This status has worsened in the current fiscal environment.

Contract management

We are pleased to note the LAC's recognition of our management controls and cost-saving efforts regarding agency contracts.

The only finding in this area concerned the SDE's leadership training activities with the Center for Creative Leadership (CCL). CCL charges registration fees for all of its programs, although under a negotiated agreement with the SDE, they do charge a reduced rate to South Carolina educators. The SDE's Office of General Counsel, which reviews all agency contracts,

determined that payment is for registration fees, which are exempt from the state procurement code pursuant to State Budget and Control Board Exemption No. 19, 04-27-82.

The SDE searched for eight months to find a quality provider of training for South Carolina school administrators. The Greensboro-based Center for Creative Leadership is ranked by *Business Week* magazine as tops in the world for leadership training for the past three years. Leading districts and schools is a job equal in responsibility to that of any CEO, and if South Carolina is to meet state and federal accountability goals, we need leaders who are equipped with the very best training available. Participants have given their CCL training experiences superlative reviews, and the SDE is very proud that, to date, 213 principals and 65 superintendents and assistant superintendents have graduated from the agency's leadership development program.

Internal auditing

The SDE agrees that the internal auditor should report directly to the superintendent, and steps have already been taken to move that function.

National Board Certification Program

We believe that the LAC's negative assessment of National Board Certification is unwarranted, and that there is evidence to support opposite conclusions. It is very difficult for teacher-candidates to manipulate or "game" the system; there is new research on the value of the program; and nationally certified teachers do maintain their commitment to student learning and the profession.

The audit's concerns about the integrity of the National Board certification process do not take into account the involved certification procedure itself, the verification measures in place at the National Board, or the involvement of local school and district officials. A fuller understanding of the commitment required to complete the process should reduce concerns about integrity. The process is an extensive series of performance-based assessments that includes teaching portfolios, student work samples, videotapes, and thorough analyses of the candidates' classroom teaching and student learning. Across the nation last year, only 21 cases of misconduct (one-tenth of one percent of the entire candidate population) were substantiated. The need for an additional layer of safeguards does not appear to be justified.

The positive impact of national certification on student achievement was confirmed by a recently released, large-scale study that was sponsored by the U.S. Department of Education. This study contradicts the LAC statement that there is no body of evidence that National Board-certified teachers improve academic achievement more than non-certified teachers. The University of Washington research (March 2004) involves three years of teacher and student data. The study (a synopsis and a Web site link were provided to the LAC) found that Board-certified teachers are more effective at raising student achievement and that the effect continues after their certification. Numerous other studies are under way across the nation.

It is offensive to imply that teachers need to be policed in order to maintain the same level of performance after their National Board Certification. The comment does not take into consideration the actions and comments of South Carolina teachers who have participated in National Board Certification, and it is contradicted by the new U.S. Department of Education study. Teachers say the experience changes them as professionals. The process deepens their content knowledge and helps them develop, master, and reflect on new approaches to working with their students.

Testing

The SDE concurs with all of the recommendations related to the state assessment system.

Performance measures

The SDE disagrees with the LAC's comments on differing performance measures and thinks that it is inappropriate—and perhaps impossible—for this agency to have the identical goals and targets as the Education Oversight Committee (EOC). The missions of the entities are very different, and the SDE has specifically mandated targets.

The EOC is charged with reviewing the programs and activities enacted under two of the state's many education laws, the EAA and the Education Improvement Act of 1984. The SDE's mission and responsibilities are much wider ranging, however. This agency's main mission is to provide training and technical assistance on everything from curriculum standards to food services to bus routing. In addition, the state and federal governments often mandate the performance measures and targets on student performance used by this agency.

In developing its goals and aims, and its strategic plan, the SDE has carefully followed the Baldrige Strategic Planning method with assistance from the Partnership for Excellence Inc. The Baldrige method is internationally recognized for spurring planning and productivity, and the Partnership has worked extensively with education systems to implement this method.

Baldrige criteria serve as the framework for the analysis of current SDE action plans, the development and modification of strategies and action plans, and the assessment of strategic results. Through this process, the SDE established six overall aims, and, as required by the Baldrige method, each aim has measurable goals. After the agency initiated its program, the Budget and Control Board and the Ways and Means Committee of the House of Representatives required agencies to use a Baldrige-type planning method. The South Carolina State Government Improvement Network also supported Baldrige training.

In addition, the state and federal governments often mandate the performance measures and targets on student performance used by this agency. The EOC has fewer constraints.

The SDE shared its aims with the EOC and we worked to have the aims of both plans aligned.

Instruction and learning are complex, complicated, and interconnected. They can be helped or harmed by school safety, student nutrition, and student health, for example. A complete picture of the performance of the state system, or of any individual district or school, requires many measures, not just a single set of measures. Providing varying forms of information on student performance gives the General Assembly supporting data to use in developing sound policies, and gives parents more information to use in making sound decisions for their children.

Accreditation function

The SDE continues to seek ways to improve on its mandated activities, particularly at a time when staffing cuts have impacted the agency. The agency is working with the Southern Association of Colleges and Schools (SACS) to further coordinate accreditation efforts. However, the accreditation unit performs activities that are not duplicated by other offices in the agency or by SACS.

Intervention and assistance programs

The SDE disagrees with the findings in this section. The technical assistance components mandated by the General Assembly are supported by research as activities generally found to improve instruction and achievement. The SDE has followed accepted evaluation practice by performing reviews of the functioning of the program prior to undertaking an evaluation of its impact (because implementation significantly influences impact). Preliminary research by the SDE indicates that the assistance is having a positive effect on school performance. Further, an

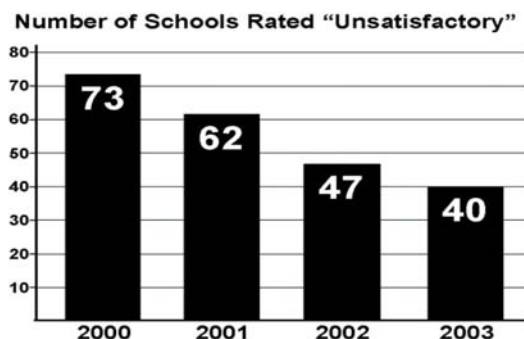
overwhelming percentage of teachers and principals gives the teacher specialist program positive reviews.

During the first years of implementation, systematic formative evaluations were conducted by independent groups to determine the status of implementation. This is accepted and preferred research protocol. Only after this type of research are summative evaluations—those looking at results—appropriate. This was particularly suitable because when the SDE began implementing the technical assistance required by the EAA, it was considered to be the largest effort by any state to assist individual schools in improving performance. Therefore, the agency was “plowing new ground” in implementing such an undertaking.

A formal summative evaluation is already scheduled by the EOC for the upcoming school year, the fifth year of implementation. The research is clear that interventions such as these take three to five years or more to begin to demonstrate results in increased student achievement levels. In fact, the LAC appears to concede this point in its audit summary by saying: “While it may be too soon for SDE to know whether the individual intervention and assistance programs have been successful....”

Throughout the implementation of these programs, the SDE and the EOC have monitored student performance. SDE data indicate that they are having a positive impact on Palmetto Achievement Challenge Test (PACT) scores in 22 of 33 schools (67 percent). Further, the SDE’s data indicate that the more assistance a school receives, the better its improvement. At schools with teacher specialists and a principal leader/principal specialist, 89 percent showed gains. These gains are even more impressive when it is kept in mind that South Carolina’s new student performance standards have been rated as among the most stringent in the nation by independent research, including studies by The Princeton Review and the Northwest Evaluation Association.

The number of schools rated “Unsatisfactory” on EAA-mandated annual report cards has been cut almost in half since those grades were first issued.



Not only do performance data indicate a positive impact, but also teachers in the schools gave a similar assessment in more subjective terms. Seventy-nine percent of teachers and 86 percent of the principals responded favorably about the teacher specialist program, which one investigator called the highest favorable rates he had seen in his career. The survey had about a 95 percent return rate.

Although student achievement in South Carolina is undeniably improving, the rate of that improvement must accelerate if schools are to meet the goals mandated by NCLB. The SDE agrees that ongoing examinations and evaluations of its intervention and assistance programs are important components of South Carolina’s overall K–12 improvement efforts—and the agency is firmly committed to those efforts.

The Education Oversight Committee reviewed pp. 36-41 of the report, but did not submit comments for publication.