

SUMMARY

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

INTRODUCTION

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 reviewed some issues not under the direct control of SDE, such as the salary supplements for national board certified teachers.

New requirements to increase accountability in K-12 education have expanded SDE's role. Both the state's Education Accountability Act of 1998 and the federal No Child Left Behind Act of 2001 have requirements that increase the state's role in ensuring accountability through a system of testing and reporting. The state also has increased responsibility for offering assistance to schools and districts that need improvement.

May 2004



ADMINISTRATIVE SAVINGS

The LAC reviewed the State Department of Education's expenditures for operations and identified several areas where the SDE could obtain savings.

TRAVEL, MEALS, AND CONFERENCES

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 EMPLOYEE LODGING EXPENDITURES VS. FEDERAL 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%

See full report for table notes.

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 (see table). SDE has not emphasized finding the most cost-effective location for events, and guidelines for event planning are weak. Also, SDE could stop providing meals, particularly for one-day events.

CATERED MEAL COSTS FOR IN-STATE CONFERENCES FY 02-03

EVENT	ATTENDEES	BREAKFAST	LUNCH	DINNER
SC Reads Summer Institute	100 S 580	\$10.00	\$17.49	\$30.00
Vertical Team, Curriculum & Standards	75 S 100	\$10.30	\$14.19	\$0
Teacher Specialists Program	85 - 350	\$6.91	\$20.10	\$25.14
New Directors' Leadership Academy	26	\$11.60	\$30.53	\$0
Professional Development Meeting	110	\$15.19	\$19.90	\$0
Natl Council for Accreditation of Teacher Ed	71 S 84	\$15.19	\$16.84	\$26.62
School to Work Initiative	165	\$0	\$26.54	\$0
Peer Team for Accountability Plans	6	\$0	\$11.31	\$0

See full report for table notes.

OTHER OPERATIONAL SAVINGS

Savings in Postage

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 (see table). 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.

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

See full report for table notes.

Cell Phones

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's policy does not specify conditions under which employees are allowed to have an agency-provided cell phone.

Dues and Memberships

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.

SALARIES AND CONTRACT MANAGEMENT

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; the department competes with school districts, whose employees have received regular raises (see tables).

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.

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

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

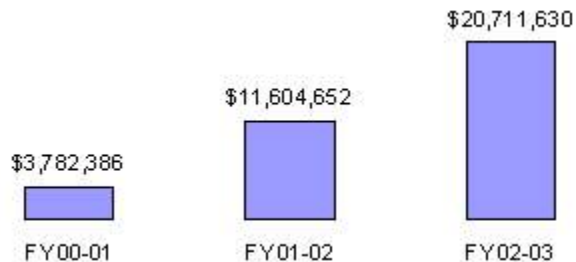
ASSESSMENT AND ACCOUNTABILITY ISSUES

There are additional opportunities for increased efficiency and accountability in the state's expenditures for K-12 education, some requiring statutory changes. Also, SDE should focus on measuring the results of its expenditures to assist low performing schools.

NATIONAL BOARD CERTIFICATION PROGRAM

South Carolina has been spending ever-increasing amounts in salary supplements to teachers who achieve national board certification (see graph). We project that the annual obligation to the state could be more than \$50 million by FY 08-09. The state has not ensured that there are adequate controls over funds used for these supplements.

Cost for National Board Certified Teachers



- ! There is limited verification of the information that applicants for certification submit in their portfolios and there could be an incentive for falsification.
- ! There is no requirement that the teacher maintain the same level of performance as during the certification process.
- ! There is no body of evidence that national board certified teachers improve student achievement more than other teachers.

TESTING

We reviewed issues surrounding testing in South Carolina and found that if the state reduced or consolidated some of its assessments, cost savings and other benefits would result. Students in grades 3 through 8 could be tested less frequently in science and social studies. Most states do not require these tests in each grade and they are not required by the federal No Child Left Behind Act.

Other issues contribute to problems in testing in these subjects.

- ! It is difficult to remediate students who do not score well on these tests because students usually take an entirely different subject in the next year (such as biology to chemistry).
- ! Low scores on science and social studies tests could be a reflection of difficulty in reading or math.

EFFECTS FROM HAVING MORE TESTS THAN NECESSARY

- ! Testing time cannot be used for instruction.
- ! Students become fatigued.
- ! Testing is costly.
- ! Administering student remediation plans is time consuming and costly.

We identified potential savings in the state's testing program.

- ! SDE should reevaluate its expenditures for maintaining its benchmark assessments. The department has not tracked the use of these tests designed to assist districts that do not perform well on PACT.
- ! The General Assembly should delete the requirement for administration of a norm-referenced test to a sample of students to provide a national comparison, saving up to \$124,000 in testing costs.
- ! Statistical analyses of test items for technical quality are performed by both SDE and the Education Oversight Committee. This is duplicative, and the law requiring the EOC to conduct these analyses should be amended.

REDUCING THE GRADES TESTED IN
SCIENCE AND SOCIAL STUDIES
TO THREE OF THE GRADES 3 THROUGH 8
WOULD SAVE THE STATE APPROXIMATELY
\$606,000 IN TESTING CONTRACT COSTS ALONE.

PERFORMANCE MEASURES

In a limited analysis of the performance measures used by SDE to assess student learning, as well as the measures used to assess high school graduation/student dropout rates, we found that the department has not coordinated the selection of its goals with the Education Oversight Committee. Also, for many of its performance measures, the department has not set target dates for the accomplishment of its goals. 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.

AUDITS BY THE LEGISLATIVE AUDIT COUNCIL CONFORM TO GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS AS SET FORTH BY THE COMPTROLLER GENERAL OF THE UNITED STATES.

FOR MORE INFORMATION

Our full report, including comments from SDE, and this document are published on the Internet at

www.state.sc.us/sclac

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ACCREDITATION FUNCTION

The State Department of Education's accreditation function duplicates the work of other entities and should be reduced in scope. The process relies on self-reported information, and does not provide a meaningful control on school quality. Most South Carolina schools are also accredited by the Southern Association of Colleges and Schools (SACS), which has standards similar to those of the state and conducts regular on-site visits. The state could accept SACS accreditation for agreed-upon standards and focus on a more meaningful review of schools that are not SACS accredited.

INTERVENTION AND ASSISTANCE PROGRAMS

In FY 02-03, the state spent more than \$46 million for programs that provide assistance to low performing schools. The Education Accountability Act of 1998 requires specific steps to be taken for schools whose ratings are below average or unsatisfactory on the annual school report cards. An external review team may recommend that a school receive various types of assistance including personnel in schools (see table) and funding for homework centers and professional development.

ON-SITE INTERVENTION AND ASSISTANCE PERSONNEL FY 03-04				
PROGRAM	DESCRIPTION	PARTICIPANTS	COMPENSATION	
			ANNUAL SUPPLEMENT FY 03-04	AVERAGE SALARY AND FRINGES
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

See full report for table notes.

Program Results

While it may be too soon for SDE to know whether the individual intervention and assistance programs have been successful, the department has not implemented adequate measures to determine the results of these programs. SDE rates the success of the programs on the number of schools that are no longer rated as unsatisfactory or below average. While this may measure school improvement, SDE cannot know the results of individual programs in order to plan or prioritize the most successful programs.

We did not find clear evidence that these programs have improved student achievement. While there has been a reduction in the number of schools on the unsatisfactory and below average lists, the reasons for the decrease are unclear. Further analysis of some reported data shows that the programs may not be effectively improving student achievement.

We conducted a limited review of federal funding for intervention and assistance to low performing schools. Numerous federal programs have funds available for uses that may be considered intervention and assistance. However, federal funds can be used only to supplement state funding, not to replace it.