



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

OHIO DEPARTMENT OF EDUCATION MANAGEMENT AUDIT

JANUARY 17, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

To: Members of the Ohio General Assembly
Members of the State Board of Education
Susan Tave Zelman, Superintendent of Public Instruction

The State Auditor's Office is pleased to provide this completed management audit of the Ohio Department of Education (ODE). The Auditor of State conducted this management audit in response to requests from members of the General Assembly and the State Superintendent for assistance in improving stakeholder confidence in the functional effectiveness of ODE and to assist the Superintendent and key ODE staff in their Departmental reform efforts.

The management audit focused on eight core aspects of ODE's operations including Strategic Planning, Priority Setting, Human Resources, Technology Utilization, Financial Operations, Customer Service, Monitoring and Oversight, and Program Assessment. These areas are important components of Department operations and support its overall mission of improving educational outcomes for children.

The State Auditor's Office conducted this independent assessment of ODE's operations with the objectives of enhancing accountability to customers and stakeholders, increasing organizational effectiveness, and reducing operating costs. The Baldrige criteria were used as a frame of reference throughout the project because they play a key role in the Department's reform efforts.

An executive summary has been prepared which includes the project history, the purpose and objectives of the performance audit, a Department overview, and a summary of each of the eight areas including background information, findings, commendations, recommendations and financial implications. The management audit has been provided to ODE and its contents discussed with the staff. ODE has been encouraged to utilize the results of the performance audit as a resource in improving its overall operations and in continuing its reform efforts.

Additional copies of this management audit can be requested from my office by calling (216) 787-5824 or the toll free number in Columbus, (800) 282-0370. In addition, this management audit can be accessed on-line through the State Auditor's Office website at <http://www.auditor.state.oh.us/> by choosing the "On-line Audit Search" option.

Sincerely,

A handwritten signature in black ink that reads "Jim Petro".

JIM PETRO
Auditor of State

January 17, 2002

Executive Summary

Project History

With support from key legislators in the General Assembly, and with agreement from the State Superintendent of Public Instruction (Superintendent), staff from the Auditor of State's office initiated planning of a comprehensive management audit of the Ohio Department of Education (ODE). The purpose of this audit was twofold: to assess factors in an effort to identify means for improving stakeholder confidence in the functional effectiveness of ODE, and to assist the Superintendent and her key staff in their departmental reform efforts.

Several meetings were held with ODE to discuss departmental operations and determine the scope of issues to be addressed. As a result of these discussions, it was determined that the management audit would assess operations in two broad areas of focus, encompassing eight key areas as follows:

- **Educational Impact**
 - Strategic Planning
 - Program Assessment
 - Priority Setting
 - Monitoring and Oversight

- **ODE Operations**
 - Human Resources
 - Financial Operations
 - Technology
 - Customer Service

During the course of the audit, individual assessments and drafts of the various sections were reviewed by ODE staff and feedback was solicited to ensure the accuracy of data. As the eight sections of the final report were completed, they were formally presented to the Superintendent and key members of her executive staff who provided additional feedback and input.

The final audit report presents more than 450 pages of assessment and 240 recommendations intended to enhance ODE efficiency and effectiveness, increase data-based decision making, and improve accountability. The ability of ODE to implement certain of the recommendations contained in this report is somewhat dependent upon organizational capacity given current staffing levels and constraints.

Objectives and Scope

Management audits are generally intended to provide a systematic assessment of the performance of an organization, program, function or activity for the purpose of developing findings, conclusions and recommendations. While the objectives of such engagements may vary, the Auditor of State designed this audit with the overall objective of providing a review of selected ODE operations, programs, organizational structures, and finances to develop recommendations for reducing operating costs, increasing organizational effectiveness or enhancing accountability to customers and stakeholders. A customer service focus in each audit area was maintained so that ODE would have the ability to improve service quality and meet the needs of its primary customer. During the planning of this engagement, the Superintendent of Public Instruction and ODE staff assisted with the identification of audit issues. Interviews with legislators and customers also contributed to and helped refine the audit planning process.

ODE has adopted the Baldrige principles as the framework for managing change within its organization. Baldrige is a structured process which comprises the following seven key criteria:

- Leadership
- Strategic planning
- Student and stakeholder focus
- Information and analysis
- Human resources focus
- Process management
- Organizational results

Report sections and the related assessments were conducted with the Baldrige criteria as a frame of reference and an effort has been made to reflect the extent to which key operational activities support ODE's Baldrige initiative.

Methodology

The audit methodology involved analyzing and assessing the operations of ODE against established standards, as well as obtaining and evaluating peer information from other state departments of education to provide bench marking data and to allow identification of operational best practices that could benefit ODE operations. The methodology consisted of the following phases and major activities listed below.

Planning

- Developed a detailed work plan.
- Reviewed the detailed work plan with the Department of Education.

Field Work

- Information was obtained primarily through interviews and reviews of documentation. Interviews were held with State Board of Education members, legislators, ODE administrators and staff, Data Acquisition Site staff and school district staff.
- Information was requested from other state boards of education and education departments to provide comparison data.
- Assessed information obtained to identify practices and strategies that would allow ODE to implement operational change and improvements.
- Provided recommendations to ODE during fieldwork that were timely and addressed current needs.

To complete the audit report, staff gathered and assessed a significant amount of data pertaining to ODE. In addition, interviews were conducted with ODE staff, members of the Ohio General Assembly, and members of the State Board of Education. Focus group discussions were also conducted with local district superintendents and treasurers who represent key customers of ODE's services. Finally, previous studies of ODE's operations, as well as other pertinent research and report data, were reviewed to validate findings and recommendations.

Overview of ODE

The State's responsibility for education was first set into law with the ratification of the Ohio Constitution of 1851, which included an article dedicated solely to education. Chapter 3301 of the Ohio Revised Code (ORC) delineates the powers of the State Board of Education, the Superintendent of Public Instruction and also creates ODE as the administrative arm of the Board.

ODE operates under the general supervision of the State Board of Education which appoints the Superintendent of Public Instruction and establishes those educational policies required by statute. SBE comprises 19 members, 11 of whom are elected to 4-year terms. The remaining eight members are appointed by the Governor to four-year terms.

ODE's strategic plan establishes three main priorities or missions for ODE as follows:

The Department will work in partnership with school districts to:

- *Raise Expectations*: Set clear and high expectations for what all students should know and be able to do.
- *Build Capacity*: Make sure that educators have the skills, knowledge and resources to allow students to meet the higher expectations. Foster the ability of families and communities to help students succeed.

- *Improve Results*: Measure, publicize and reward results and hold all educators and students responsible for them.

The structural organization within ODE has been in a state of change while former departments and divisions have been reorganized into the present structure of centers and offices. The following upper-level management positions comprise the key leadership within ODE's organizational structure:

- superintendent (1)
- deputy superintendent (1)
- assistant superintendent (2)
- associate superintendents (5)
- executive directors (10)
- chief of staff (1)
- chief legal counsel (1)
- chief information officer (1)
- comptroller (1)

The five associate superintendents manage the various centers and offices that deliver ODE's services to its customers and employees. The five centers include the following:

- Center for Curriculum and Assessment
- Center for the Teaching Profession
- Center for Students, Families, and Communities
- Center for School Reforms and Options
- Center for Finance and School Accountability

The remaining program and service offices (9) are supervised by the Assistant Superintendent for Internal Operations and Risk Management, the Chief Information Officer and the Director of the Office of Board Relations. Additional oversight for the entire range of program and service offices (30) is provided by an array of directors, associate directors and assistant directors, as well as other managers and supervisors.

Key Findings/Recommendations

The performance audit report and executive summary contain a number of findings and recommendations pertaining to ODE's operations. The following are the key findings and related recommendations.

Strategic Planning

- While ODE has made progress in implementing recommendations from the 1999 KPMG study, several remain unaddressed or partially implemented. In particular, the state does not have a comprehensive strategic plan in place for all education-related entities that have similar goals and objectives.

ODE should develop a plan and timeline for the implementation of the remaining KPMG recommendations. The implementation timeline will help ensure that the recommendations are appropriately addressed. In addition, ODE should facilitate the development of a comprehensive statewide strategic plan which links state education and other agencies with similar student performance-related goals and describes how each will collaborate to support goal attainment. The comprehensive strategic plan should focus resources from across the State to accomplish the educational goals developed by the collaborating agencies.

- The strategic plan placemat was formally adopted by the State Board of Education at its September 2000 meeting. The Board did not adopt Center and Office components to the strategic plan.

Since Centers and Offices contribute to the formulation of policy recommendations, and since ORC 3301.07 specifically states that the Board should exercise policy formation, planning, and evaluative functions for the public schools of the state, the Board should review and adopt Center and Office sections of the strategic plan. In addition to providing an opportunity for the Board to monitor the progress of ODE towards established goals and objectives, Board adoption also provides a level of consistency as leadership positions change within ODE.

- ODE's strategic plan placemat has state-wide and department goals. However, the placemat is not clear on how this strategy will be funded. ODE used a prioritization based on the strategic plan to develop the FY2002-03 biennium budget.

ODE should continue to use the strategic plan to prioritize the allocation of fiscal and human resources. As recommendations concerning monitoring and performance measurement are implemented, ODE could improve its performance on meeting budget and program goals.

- ODE's strategic plan placemat has performance measures that do not contain enough information or specific dates for measurement with a clear definition of the measure. In addition, ODE has not developed benchmarking criteria or a plan to monitor and assess its current performance measures.

ODE should refine the performance measures and benchmarks to better allow measurement of progress and assessment of accountability. Each performance measure should explain what the measure is intended to show and why it is important. Monitoring performance measures would enhance ODE's program quality through program evaluation and could aid in budget development and decision making.

- ODE's strategic plan does not define the means by which implementation progress will be monitored.

ODE should establish a mechanism for monitoring strategic plan implementation. Reliance on year-end performance evaluations is not sufficient. Quarterly reviews would allow ODE to identify problem areas earlier and enable individuals, programs, offices and centers to adjust their focus to meet the goals and objectives identified through the strategic planning process.

Priority Setting

- Legislators call ODE on a regular basis seeking education data and research. According to the Office of Budget and Government Relations (OBGR), ODE staff are supposed to answer basic factual questions from legislators as quickly and as accurately as possible. However, ODE does not have a written policy outlining these guidelines.

OBGR should develop formal policies and procedures for managing and documenting staff interactions with legislators. By documenting legislative interactions, ODE can review data to identify common issues, problems and themes raised by the legislature. ODE can then be proactive by providing training for ODE staff on the related issues and preparing presentations to the General Assembly on issues of wide interest or confusion.

- ODE is unable to provide a comprehensive listing of programs under its control and does not consistently measure program effectiveness. According to the Director of Budget and Governmental Relations, ODE is developing performance measures for program evaluations.

ODE should develop comprehensive, systematic and clear data on program cost and effectiveness with an emphasis on program outcomes. With program performance measures in place, ODE should be able to demonstrate program effectiveness and accountability to legislators and potentially justify requests for funding increases.

Human Resources

- ODE revised its organizational structure prior to completing its new strategic planning process. Therefore, the allocation of responsibilities for work processes that should be identified within the strategic plan could not have been considered when staff was allocated within the new organizational structure.

ODE should consider reexamining its newly created organizational structure as it completes the development of its strategic plan. Special emphasis should be placed on defining roles and responsibilities of staff and on skills required by the staff involved in each program or service function. Appropriate classifications and assignments based on work performed help enable employees to be productive and more satisfied with current positions.

- The restructuring of ODE underscores the need for a process by which Human Resources (HR) can assess the adequacy of the allocation of resources in relation to audited workloads. ODE does not have an HR staff position responsible for performing an analysis of workloads and staffing requirements.

ODE should develop a “job analyst” position that is responsible for analyzing the workloads of its various program/service offices, suggesting appropriate staffing levels and determining cross-training needs. The position would be an annual cost of \$68,000 including benefits.

- On May 7, 1999, the Ohio Civil Service Employees Association, AFSCME Local 11 filed a petition to include Education Employment Consultants in the union. After a tentative agreement in February 2000, a SERB settlement disapproval in March 2000 and a new settlement agreement in April 2000, SERB issued a directive approving the latest agreement on June 6, 2000.

In light of the recent SERB directive, ODE should reevaluate the duties performed by its unclassified staff working as Education Consultants and attempt to reduce the number of employees working within this classification.

- A majority of the respondents in the classified ranks (52.6 percent) disagreed with the statement that their office could effectively maintain productivity due to cross training efforts.

ODE should implement a cross-training program that focuses on positions involved in day-to-day operations and in the delivery of services. The HR staff should lead an initiative to assist each center/office with a task analysis to determine which key functional duties should be identified for the cross-training program and to designate which positions should be

backed up with cross-trained staff. Employees would benefit by obtaining additional experience to support position reclassification changes or promotions.

- According to the previous HR director, there have been incidents of hiring and promotions without the approval of the staffing committee or the posting of positions.

ODE should review its procedures for replacing employees who are absent due to long-term leaves to ensure that state law and DAS directives are followed when assigning replacement employees. Careful monitoring of appropriate approvals for new hires could help ensure that ODE's staffing ceilings are not exceeded.

- ODE does not effectively monitor the compensation of outside contractors. Although the amount of compensation for each contractor is determined by the programmatic office that requests the service, there appears to be no connection between the hiring of individual contractors and a program office's budgetary allocations. In addition, ODE requests the Office of Budget and Management's (OBM) Controlling Board to "waive competitive selection" for independent contracts, some of which were for individuals or entities who already had multiple contracts with ODE.

ODE should establish specific program budgets so that there can be a clear budgetary relationship between requests for vendor contracts and the decision to approve or disapprove them. In addition, ODE should develop more detailed policies and procedures regarding the use of outside contractors. Monitoring contractor usage and cost could help ODE maximize program funds by helping to identify the outside vendors who provide the best services as opposed to the worst services. ODE should also create a clear and concise policy concerning how "competitive selection" waivers are requested from OBM's Controlling Board.

- An analysis of responses to a management questionnaire indicates that the span of control within ODE is 6.17 subordinates for each supervisory position.

ODE should attempt to increase the span of control within its organizational structure by reducing the number of managerial/supervisory positions. The conversion of 24 Educational Employee Administration positions to non-management Administrative Assistant 3 positions could reduce annual salaries by approximately \$528,000.

Technology

- Based on Gartner Group analysis, there does not appear to be sufficient technical support staff to support the 684 users at ODE. ODE would need two additional staff to meet the recommended support staff to end user ratio of 1:100, although reallocation of current staff is also a viable option.

Applying the Gartner Group analysis, or some other rational methodology for determining technical support levels, could assist the Office of the Chief Information Officer (OCIO) in providing efficient and appropriate services to ODE users. Additionally, performing cost-benefit analyses on recurring contracted functions could help OCIO reduce operating costs without compromising service quality.

- As of October 2000, ODE's strategic technology plan was in its final development stage. ODE is also in the process of developing disaster recovery procedures to support internal systems. No technology steering committee is currently in place to guide these types of planning functions. ODE indicates that its Strategic Technology Plan was filed with DAS in June 2001 and updated pursuant to DAS guidelines in September 2001.

ODE should complete the development of the strategic technology plan and disaster recovery procedures. Both should be developed in sufficient detail to guide ODE technical operations and should be mapped to overall goals and objectives for ODE. Effective technology planning and the use of a steering committee will help to ensure that technology activities are coordinated and consistent, as well as conducted in an efficient manner.

- There are currently no enforcement procedures in place to ensure compliance with technology policies. OCIO plans to upgrade the operating systems of all PCs to Windows NT and of all MACs to OS 10, which should assist in policy enforcement due to the secure nature of these systems.

OCIO should develop formal enforcement procedures for policies governing technology use. The standardization of secure operating systems on ODE computers should assist this effort, although additional procedures should be established to ensure proper use of technology and compliance with internal policy.

- ODE has implemented the basic financial and grants management modules of the Oracle ERP system. Currently, ODE is implementing enhancements to the system and linking to the HR module. The system performs a majority of the administrative functions within ODE and will maintain complete interface capabilities within internal systems as well as some reduced interface capabilities with external, state systems. Once fully implemented, the Oracle system, in conjunction with the data warehouse, will streamline the data collection, payment management and reporting facets of the School Foundation, Child Nutrition Services and Vocational Education systems. It is now functioning as ODE's financial accounting system. However, a formal plan has not been developed for the full integration of Oracle functions into ODE daily operations.

ODE should follow through with the implementation of the Oracle system by developing a detailed integration plan identifying issues such as time lines and training requirements.

Additionally, the capabilities of the Oracle system should be assessed against internal procedures on a regular basis to identify any potential areas for business process re-engineering.

- ODE is in the process of redesigning EMIS, the system used to collect statewide education data. The redesign is in response to concerns of school district officials as to the accuracy and availability of the data maintained in the system, as well as to new legislation allowing ODE to receive student-level data via EMIS.

ODE should follow through with the EMIS redesign and update the system as needed to address the concerns of school districts and other stakeholders. ODE should also continue to encourage broad, statewide use of Student Management Records System (SMRS) to create a more seamless data collection process. However, procedures should also be developed to deliver this application directly to school districts, allowing them to bypass the A-sites if they so choose. Streamlining the EMIS system should provide time savings for ODE and the districts and may improve the accuracy and timeliness of the EMIS data.

- ODE does not have formal training policies or procedures in place for general staff. Training is not regularly provided, nor is it required or tracked. This could prevent ODE from realizing all potential benefits associated with the use of technology.

ODE should develop formal technology training procedures for all staff and should consider establishing a required number of annual technical training hours. A system should be developed for tracking training activities and obtaining feedback from ODE users to ensure that training needs are being met.

- OCIO has no formal professional development or training requirements for technical staff. Training benchmarks are in place, and staff have the option of developing individual professional development plans. These policies, however, are not required or enforced. In the rapidly changing field of technology, the lack of training requirements may hamper OCIO's ability to provide current, relevant services to ODE users.

OCIO should develop formal professional development requirements for in-house technology staff. Such requirements could include training hour benchmarks, certification goals or any other method of enhancing the qualifications of technical staff.

Financial Operations

- All subsidy payment vouchers and other detailed statistical information are being sent to the data warehouse. The Information Technology Office (ITO) began populating the data

warehouse with financial data in July 2000. However, the complete implementation date has not been determined.

An implementation plan outlining a timetable for completion should be developed. The data warehouse provides an opportunity to enhance customer service by making information available to assist with district decision making.

- ODE and Solutions Consulting are in the process of determining which Oracle financial reports to develop. A report team is in place at ODE to develop reports needed from the Oracle system. Basic management reports have been developed and are available to staff. ODE is currently developing enhancements to the basic reports to meet management's needs.

ODE should continue to focus on determining what customized reports ODE staff need from Oracle. Reports which provide needed information in an understandable and logical manner should enhance program monitoring and management processes.

- ODE does not produce quarterly performance reports linking performance measures with resource allocation, therefore unit managers are not able to review performance data in a timely fashion.

ODE should develop reports that contain a narrative explanation, summary statement of performance measures, annual revenue received by the program and identify troublesome trends. Access to the most current performance data available should enhance the decision making ability of ODE's staff.

- ODE's Federal and State Grants Management Office (FSGM) performs many fiscal functions for federal grants. However, state grants are administered through various centers and offices. Decentralized fiscal oversight functions could result in inconsistent processing of financial data.

ODE should restructure all internal grants management functions to create a more centralized system and potentially provide efficiencies in grant management and monitoring. Centralized grants management and monitoring could help reduce data inaccuracies or inconsistencies and better ensure compliance with federal and state regulations.

- ODE provides assistance to school districts in locating private foundation funding opportunities. However, ODE does not provide school districts with technical grant-writing training or pre-award assistance with federal discretionary grants.

ODE should assist school districts in obtaining federal discretionary grants by becoming a clearing house for discretionary funds and should provide grant-writing technical assistance and training to school districts.

- ODE does not have standard written procedures to govern the administration of state and federal grants. Federal grants are monitored based on the Education Department Grants Administrative Regulations (EDGAR) and Office of Management and Budget (OMB) Circular A-133. State grants have no overall uniform regulations. Each state grant program is responsible for developing grant application and management procedures on an individual basis.

ODE should develop a policies and procedures manual for state and federal grants. Standard policies and procedures should allow grant information to be efficiently communicated to sub-recipients and ensure that best practices for grants management are being met.

- The payroll sub-system does not allow ODE employees to allocate their hours worked each pay period to specific projects or programs. Payroll allocation is based on information on position control files in the DAS payroll system.

ODE should implement an internal payroll system that allows employees to allocate hours to the appropriate programs. This type of system will be part of the foundation for program based budgeting while providing greater accountability on employees to monitor their work time allocated to each program.

- ODE does not have internal controls to prevent center payroll coordinators from making changes to data after approval and HR review.

ODE should establish controls to deny access to data after time and attendance has been approved and reviewed. Enhanced controls will help guard against unauthorized changes to the time and attendance data.

- Many contracts do not provide sufficient detail of the work product or work to be performed. In addition, program offices do not have an adequate method of verifying work performed when contractors work out of their homes.

Invoices submitted by contractors should identify details of work performed and ODE should develop a contract performance monitoring process to be used consistently throughout the centers and offices. Detailed invoices and work documentation should help to ensure that contract requirements are met.

- Procurement at ODE is a manual process. Processing purchase requisitions in this manner relies on manual controls, can be more time consuming, and leaves room for more errors.

ODE should use Oracle's purchasing module to submit purchase requisitions electronically. Electronic purchase requisitions should provide time savings to ODE staff by streamlining the internal procurement process.

- The Institute of Internal Auditors (IIA) standards state that internal auditors should be independent in conducting their internal audit responsibilities. The Office of Internal Audit's current reporting structure may compromise the independence of the internal audit function.

The reporting structure of the internal audit function should be reviewed and changed to ensure the objectivity and integrity of the audits conducted. Two possible options focus on the establishment of an audit committee with OIA reporting to the committee or to the Superintendent of Public Instruction.

Customer Service

- Since 1999, ODE has developed a strategic plan that begins to clarify who ODE serves and more formally defines the mission and goals of each Center and defines its primary customer as school districts. However, ODE recognizes a number of other customers, including legislators, teachers, parents and other education stakeholders.

ODE needs to convey to the General Assembly, school districts, and other education stakeholders what services different customer groups or stakeholders can expect from the Department. Stakeholder and other customer's satisfaction with ODE services may be enhanced if they have clear expectations of what services ODE will provide.

- ODE contracted with Gartner Consulting, in November 2000, to help develop and implement an overall customer service strategy. ODE said the study would include an assessment of how it can meet the needs of its various customer groups.

ODE should continue strategic efforts to improve and coordinate customer service on a Department-wide level.

- In July 2000, a status report on the implementation efforts of the KPMG recommendations stated that steps had been taken in hiring a consulting firm to develop a Customer Relationship Management (CRM) strategy.

Any CRM strategy developed by ODE should include detailed guidance for developing a relationship and communicating with the Governor and the Legislature, particularly key

legislators, such as the Speaker of the House, President of the Senate, and the Education Committee chairs.

- Focus group participants complained that ODE staff are too reliant on voice mail and voice mailboxes are full. In addition, when ODE staff were contacted, they did not return telephone calls or callers were transferred several times without reaching the appropriate individual.

ODE should develop specific, customer-friendly guidelines for voice mail use and the Customer Service Office and Customer Service Committee (CSC) should provide training on the guidelines. Used properly, voice mail can facilitate effective customer service.

- Legislator comments and survey responses indicate that inquiries to some ODE staff resulted in inaccurate answers and that these shortcomings have caused local district personnel to stop seeking advice from ODE.

Each Center Director should have their staff generate a list of frequently asked questions (FAQs) with a list of standard responses for accuracy, clarity and consistency. This recommendation will help address customer complaints about staff providing incorrect and inconsistent answers to their questions.

Monitoring and Oversight

- Based upon the satisfaction survey of Continuous Improvement Plan (CIP) support services provided by ODE, as well as superintendent focus groups, there are areas where the CIP services appear to be lacking in quality and usefulness.

The Office of Regional Services should evaluate all of the services provided to school districts in comparison to their needs to determine methods to enhance the services provided. Enhancements to services should increase the perceived value and quality of those services while assisting school districts to develop more effective CIPs.

- ODE began conducting site evaluations of academic emergency school districts in December 2000. Additionally, site evaluations are to be performed on academic watch and academic emergency districts that failed to demonstrate satisfactory improvement or failed to submit a satisfactory CIP.

The Office of Regional Services should consider performing site evaluations of the academic emergency school districts within two months after the CIPs are submitted.

- Based on consideration of the CIP evaluation findings, the superintendent of public instruction may appoint a school improvement guidance panel (Intervention rule 3301-56-01). ODE does not have a process in place for appointing school improvement guidance panels.

ODE should establish guidelines for appointing school improvement guidance panels. Guidelines specifying panel composition will help to ensure that all appropriate interests are represented.

- ODE did not have a formal Economy and Efficiency plan evaluation instrument to document the findings from the review of the plans. In addition, some of the plans were allowed to sit for up to one year before evaluation.

ODE should develop formal documentation for Economy and Efficiency plan evaluations to support the consistent review by all evaluators. ODE should also ensure that procedures are properly communicated to all parties involved and that the plans are reviewed in a timely manner. Documentation enables ODE to support the actions taken in response to legislative requirements.

Program Assessment

- Currently, ODE has adopted an evaluation methodology to evaluate individual program performance. However, they have not developed the criteria for program continuation. As a result, ODE is uncertain of the effectiveness of the programs currently being implemented and whether or not some programs should be discontinued.

Each program housed at ODE should be routinely and systematically evaluated using a standard evaluation framework to help ensure consistency between evaluations and the information gathered. ODE should develop criteria, standards on which a decision may be based, for program performance to help ensure its resources are allocated effectively. Programs which have met their stated objectives or have outlived their usefulness, should be discontinued and those resources should be reallocated to other programs.

- In June 1999, ODE established an internal Research and Evaluation Council to help establish a framework for program evaluation. However, the Council lacks a formal communication structure with other ODE centers and offices that has resulted in a lack of awareness of the Council, department-wide.

The Research Council should be the means by which ODE routinely and systematically evaluates each program housed at ODE using a standard evaluation framework. The

Research Council should be given the authority to effectively implement the framework and have responsibility for overseeing evaluation activities.

- In an effort to increase the consistency, reliability, and validity of program evaluations conducted within the Department, the Research Council began drafting a Program Evaluation Guidebook in the summer of 1999. The guidebook is intended to be a useful step-by-step checklist for ODE staff to use in the development of program evaluation activities. In the fall of 1999, a draft of the guidebook was produced.

The program evaluation guidebook should be revised and completed to assist program administrators and evaluators in their program assessment efforts. The guidebook should be written in such a manner that a person without a background in program evaluation could understand the material and key concepts without much difficulty. The guidebook should be used throughout the Department.

- ODE has not identified a program evaluation tool for department-wide use, and the evaluation handbook does not include any evaluation instruments.

ODE should adopt and implement a general program evaluation framework to begin the process of systematic program evaluation. Consideration should be given to using the Center for Disease Control (CDC) framework examined by AOS.

Other Significant Findings/Recommendations/Commendations

Strategic Planning

Background: Strategic planning is a management tool used to provide structure to an organization's operations. A strategic plan can help an organization focus its vision and priorities in response to its changing environment, help ensure that all members of an organization are working toward the same goal(s), and serve as a roadmap to define how an organization will get where it wants to be. Strategic planning is first, a process and second, a vision.

ODE has been working on its strategic plan since early 1999. The process started with a cross-functional committee which was charged with creating a strategic plan draft. The original committee produced a 40-page draft. A strategic plan development team of 28 members was then created to refine the draft. The Department's one page high-level strategic plan, known as the "placemat," then went through several drafts before being accepted by the State Board of Education (Board) at its July 1999 meeting and formally adopted at its September 2000 meeting. ODE's Departmental strategic plan placemat is supported through individual employee work plans that align with the Office and Center strategic plans.

Findings: Other significant findings in this report section include the following:

- ODE's vision statement is global, it inspires and it is brief, but it is time-bound.
- The ODE strategic planning team did not involve its customers or stakeholders in helping to define critical issues.
- In focus group meetings, school district superintendents and treasurers agreed that they were unsure how ODE's mission statement originated, who had input in its design or if ODE's mission statement was clear on who its customers are or who they should be.
- ODE's Center strategic plans do not have vision statements.

Recommendations: Other significant recommendations in this report section include the following:

- ODE should consider redefining its vision statement to take out the time-bound "2005" and be more descriptive of future service levels.
- ODE should identify its customers and stakeholders in its strategic plan to avoid any confusion or misunderstanding. The identification of customers and stakeholders will also help ensure that a clear understanding exists at all levels of the organization.

- The Centers' strategic plans should include a vision statement that will help integrate their mission statements with goals, strategies and performance measures.

Commendations:

- ODE's process for developing a strategic plan placemat, the subsequent Center and Office strategic plans, and the employee individual work plans, have helped to maintain a focus on departmental priorities.
- ODE's strategic planning goals support and clarify the Department's mission and vision.

Priority Setting

Background: The State's responsibility for education was first set into law with the ratification of the Ohio Constitution of 1851, which included an article dedicated solely to education. According to Article VI, § 02 of the Ohio Constitution, "the General Assembly shall make such provisions . . . as. . . will secure a thorough and efficient system of common schools throughout the State."

Chapter 3301 of the Ohio Revised Code (ORC) delineates the powers of the State Board of Education (SBE) and the Superintendent of Public Instruction (SPI). Chapter 3301 also creates ODE as the administrative arm of the SBE and Superintendent of Public Instruction. Other chapters under Title 33 of the ORC specify the powers and duties of the SBE, SPI and ODE, although the majority of these other provisions apply to locally controlled duties and responsibilities and to the various formulas used for the allocation of funds to local districts. Chapter 3301 of the Ohio Administrative Code (OAC) contains the administrative rules that govern certain ODE operations and responsibilities and clarify certain ORC provisions.

Findings: Other significant findings in this report section include the following:

- ODE has implemented several new activities designed to improve its relationships with members of the General Assembly. According to the Superintendent, the education committee chairs have become more actively involved with ODE.
- The Director of the Internal Audit Department said ODE is addressing monitoring and compliance issues by offering inservice training, performing audits to determine that monitoring is occurring and to assess its effectiveness, and by distributing educational materials such as internal audit bulletins and compliance checklists.
- ODE is considering revising its Comprehensive School Reform Demonstration (CSRD) program application process and is examining how other states manage their programs to identify best practices.

- School districts have reported that the school improvement review (SIR) was a good experience and was beneficial in helping to better comply with state and federal regulations. However, some districts said that collecting the necessary data for the report was time consuming.
- The Ohio Revised Code requires ODE to inspect each preschool and school child program at least twice every 12 months. Fifteen randomly selected site files from each region were examined to see if documentation was complete and that inspections were being completed in compliance with the revised code. All files contained documentation indicating compliance. However, 13 of the 15 files from the Central region had not been signed by the Certified Program Reviewer.
- The Office of Early Childhood Education is taking steps to assess the effectiveness of public preschool and school child programs and has developed a comprehensive performance measurement system for program evaluations.

Recommendations: Other significant recommendations in this report section include the following:

- The Superintendent of Public Instruction should require each office to develop comprehensive plans for monitoring and assessing compliance with federal and state requirements. The comprehensive plans will enable ODE to improve its ability to administer and manage state and federal programs.
- ODE should consider adopting a revised application process for the Comprehensive School Reform Demonstration program. Revisions could be based on an application process used in the State of Oregon. The Oregon model could also promote more effective selection, implementation, and evaluation of model programs.
- ODE should consider developing an online capability for submitting the SIR report. This would enable easy access to data for both the school districts and ODE.
- The Office of Early Childhood Education should ensure that certified program reviewers sign the compliance worksheets to document proper review and monitoring. By requiring the proper review and monitoring of programs, ODE will be better able to document the program's performance against goals and objectives and substantiate the need for program expansion or continued funding.

Commendations: Significant commendations in this report section include the following:

- ODE is taking steps to improve its interactions with the General Assembly and is beginning to improve communication and provide more consistent service to them.
- The school improvement review process is an effective and helpful tool for identifying special education staffing adequacy and for improving compliance with special education requirements and enhancing special education services to students with disabilities.
- The Office of Early Childhood Education has developed effective policies, procedures, and activities for ensuring that it can comply with state inspection requirements. In addition, the office has a well-developed training and performance evaluation process for ensuring that staff are able to effectively carry out their responsibilities and develop their professional skills.
- The Office of Early Childhood Education has developed an exemplary performance measurement system with a well-developed theoretical model that recognizes the complexity of factors affecting child outcomes.

Human Resources

Background: The Ohio Department of Education has an office (HR) dedicated to performing human resources functions. Some of the functions for which HR is responsible include recruitment, monitoring of compliance with EEO standards, payroll processing, benefits management and labor relations. The director of HR reports to the assistant superintendent of Internal Operations and Risk Management, the deputy superintendent and ultimately the superintendent. At the time of this audit, the HR staff consisted of a director, associate director, HR manager, HR specialist, administrative assistant and a telephone operator. A specific functional budget is not allocated to HR within ODE's overall operating budget. However, ODE's Department of Accounts reported an approximate budget of \$795,000 for FY 00-01.

Findings: Significant findings in this report section include the following:

- The structural organization within ODE has been in a state of change since former departments and divisions have been reorganized into the present structure of centers and offices. This reorganization was based on recommendations contained in a 1999 management study report issued by KPMG.
- The new organizational structure indicates lines of responsibility. However, these lines of responsibility do not clearly follow through to ODE's tables of organization.

- There is a mismatch of program/service headings between ODE’s tables of organization, its outdated directory, its internal position control roster database and the position control roster generated from the DAS payroll database. One result is that the usefulness of DAS reports are limited due to the lack of updated information.
- ODE does not have the capability to audit staffing needs based on certain personnel actions because HR staff do not track this information on a regular basis.
- The ODE attendance officers and the HR staff expend considerable time in the payroll process completing “time and attendance” reports and compiling the reports into a data tape for DAS.
- An ODE employee survey was distributed to 570 regular full-time ODE employees. The purpose of the survey was to obtain feedback and perceptions of employee relations and human resources/personnel issues. A majority (56.5 percent) of the respondents indicated that they had a copy of their job description. However, of the 37.5 percent who did not have a job description, those in the classified staff category had the least knowledge of their job descriptions. The remaining 6.0 percent did not mark or were neutral to the question.
- Although the ORC gives employees the right to request position audits, ODE does not seem prepared to fulfill such requests because it lacks an adequate mechanism to analyze job requirements.
- According to HR staff, ODE’s implementation of the Hay Group recommendations has not been completed, either by developing job descriptions or formulating compensation based on high performance for support staff.
- A majority of employees responding to the employee survey had positive perceptions regarding ODE’s effort to tie professional development plans to its strategic planning process.
- In addition to concerns over the use of special appointments to fill temporary vacancies due to long-term absences, employees also appear to have concerns regarding the qualifications of permanent appointments.
- Technical training at ODE is developed and provided programmatically, as determined by the needs of each division within ODE. However, the apparent lack of coordination between and among the different programmatic offices splinters these efforts.
- Only 43 percent of the survey respondents indicated that they received a formal performance appraisal at least once per year. DAS guidelines specifically require annual evaluations, but

there is no reference to annual evaluations in ODE's employee handbook. However, ODE has recently required and received performance appraisals for all unclassified employees and has implemented a notification and tracking system.

Recommendations: Significant recommendations in this report section include the following:

- ODE should construct its tables of organization in a format that begins with a key table and adds succeeding pages that clearly relate back to the key table through a comprehensive coding process. Clear lines of organization allow employees to know where they fit into the organization and who they report to.
- HR or the Office of Organizational Development should have the sole responsibility for compiling and updating ODE's tables of organization. In addition, data updates to DAS should be more timely. Timely personnel reports generated for ODE could improve the monitoring efforts and assist in staff allocation planning for future projects and programs.
- The HR staff should be responsible for internally tracking the following personnel actions: resignations, retirements, suspensions, removals, promotions, temporary promotions and reassignments. This information tracking could help ODE to project staffing needs and trends.
- ODE should consider streamlining the payroll function so that the time and attendance verification process is the responsibility of each employee. This task could be accomplished by using an interactive time and attendance verification program. The time and attendance function will help ODE track labor costs and time commitments of specific programs and allow for more accurate reporting and recording of time spent on task.
- ODE should update and reissue position descriptions to all employees to ensure that each employee understands the duties and responsibilities of his/her current position.
- ODE should consider using a job analysis method recommended by DAS for a thorough analysis of the actual duties performed by individual employees. Accurate job descriptions not only improves employee morale by aligning written duties with the actual duties performed, but also provides a framework for staff performance evaluations. ODE should also perform a salary compensation study as a follow up to the employee job analyses.
- ODE should renew its effort to enforce DAS's guidelines pertaining to the proper assignment of new employees to vacant positions. Inconsistent hiring practices may negatively impact employee morale.

- ODE should develop a master plan for staff development that is linked to the strategic plan and budget. ODE should make an effort to link staff training to the professional needs of its employees. In addition, ODE should review its procedures for providing employees with adequate technical training to ensure that all employees receive training in areas such as word processing software, electronic spreadsheet applications and electronic mail features.
- ODE should amend its employee handbook to include a specific policy regarding evaluating all employees on an annual basis. ODE should also track supervisors' efforts in completing employee appraisals and report the completion rate to the superintendent on a quarterly basis. Evaluations play a key role in providing performance feedback to employees and becoming the basis for professional development planning.

Commendations: Significant commendations in this report section include the following:

- ODE has made a concerted effort to revise its organizational structure in order to implement recommendations from the 1999 management study.
- The HR staff has attempted to communicate its preferred internal hiring procedures to ODE's directors through memorandum and the issuance of a hiring flow chart that graphically depicts the steps required to process a legitimate hiring.
- As indicated in responses to the employee survey, ODE has effectively communicated its strategic planning efforts to its employees. ODE has attempted to identify staff's expressed needs for professional development and develop appropriate offerings and /or communicate existing offerings to employees.

Technology

Background: Technology operations at the Ohio Department of Education (ODE) are performed by the Office of the Chief Information Officer (OCIO). OCIO is headed by a Chief Information Officer (CIO) who reports directly to the Superintendent of Public Instruction. In 1999, OCIO changed its organizational structure to a audit management system in response to a KPMG report. Before the development of this system, OCIO maintained a general, hierarchical organizational structure consisting of a director, an associate director, managers and supervisors. Within the audit management system, an audit manager is assigned to each center at ODE with a team of consultants and programmers. These audit management teams perform all applicable technology functions within their respective centers.

OCIO is responsible for the support and maintenance of all current systems and applications at ODE and for the development and integration of new technology. In addition to these responsibilities, OCIO oversees the activities of the Ohio Educational Computer Network (OECN) and the Ohio

SchoolNet Commission (OSNC). The OECN was commissioned by Ohio's General Assembly in 1980 to aggregate student data for the Education Management Information System (EMIS) and provide technical support to school districts. The OSNC works with ODE to provide information systems and integrated technology to public school districts.

Findings: Significant findings in this report section include the following:

- ODE contracts a significant portion of large technical projects to private vendors due to staffing limitations set by DAS and inadequate internal training procedures. Although it would not be feasible to perform all these functions in-house with the current staffing restrictions, savings could be realized by enhancing staff qualifications to perform additional functions.
- Technology systems at ODE are protected by various security features including a firewall, password-protected applications and restricted physical access to administrative hardware and applications. Extensive policies and procedures are also in place to govern technology use within ODE, and staff members are required to sign each policy indicating their acceptance and understanding.
- ODE's current network configuration consists of a WAN connecting several local area networks (LAN) maintained in various entities and buildings around the state. Upon the relocation of ODE's main office, the WAN will be redesigned with a simpler but more secure architecture.
- The Tri-Rivers Educational Computer Association, an OECN A-site that assisted with the development of ODE's WAN, currently maintains a connection to the WAN behind the firewall, which is a security concern that will be addressed with the network reconfiguration.
- ODE's administrative hardware (mainframe, firewall and web server) is maintained in an office at State of Ohio Computer Center (SOCC) by the Office of the Chief Information Officer (OCIO). OCIO is responsible for keeping this equipment functioning effectively. Non-administrative hardware is the responsibility of the office that purchased and uses it. This has prevented OCIO from developing hardware replacement specifications. The development of such specifications could ensure the compatibility of ODE networks while reducing overall maintenance costs.
- Several data entry applications are available for school districts to enter EMIS data. One of these applications, SMRS, is being integrated into the EMIS redesign to create a smoother and more consistent transfer of data. ODE has been encouraging broad use of this application by school districts in the state, as this is a major factor in its effectiveness.

- OCIO operates four funds within ODE. The Technical System Development fund is used for large internal technology initiatives, such as the data warehouse and Oracle implementation. The OECN and EMIS funds are predominantly earmarked as subsidies to school districts and A-sites, although OCIO retains a small portion of these funds for administrative expenses. In-house expenses for OCIO are funded through an internal service fund. OCIO is in the process of changing the billing methodology and procedures for this fund to better meet the needs of the users at ODE.
- ODE does not have centralized technology procurement procedures. Most hardware and software is purchased by the center or office that will use it. Similarly, warranties and licenses for hardware and software are maintained by the office that purchased the items.

Recommendations: Significant recommendations in this report section include the following:

- ODE should monitor the quality of services delivered by OCIO's project management system on a regular basis to ensure that it is meeting the needs of ODE users and keeping up with advancements in technology. Assessments of the quality of services will provide key information for future project planning and implementation.
- ODE should take necessary steps to ensure that all network connections are managed by OCIO and governed by the firewall. Additional procedures should be developed for identifying inefficiencies pertaining to network operation.
- OCIO should follow through with the redesign of the internal service fund to ensure that appropriate amounts are billed to ODE centers and offices and that billed amounts are covering costs for OCIO. These efforts should be coupled with the development of performance measures for the budgeting process. These initiatives can enhance the quality of service provided to ODE users by establishing measures of accountability for OCIO.
- ODE should consider centralizing all technology procurement to ensure that only items consistent and compatible with existing ODE systems are purchased. OCIO should also be responsible for maintaining a central listing of all licenses and warranties for hardware and software in use at ODE. Enforcement of technology standards and the centralized maintenance of licenses and warranties will help to enhance the quality and timeliness of system support activities.

Commendations: Significant commendations in this report section include the following:

- OCIO addressed organizational inefficiencies by changing to an audit management system of organization. Additionally, having a CIO in charge of this office and reporting directly to the Superintendent of Public Instruction establishes the essential relationship between organizational technology needs and executive decision-making.
- ODE's technology policies cover all relevant areas of technology and are sufficiently detailed to provide effective guidance to staff. Requiring employees to sign the policies, ensuring their understanding and acceptance, helps to ensure compliance with the policies and protects ODE from any issues that may arise due to policy enforcement.
- The development and integration of the Oracle system and data warehouse should allow ODE to improve the quality of services delivered to school districts and other stakeholders while establishing a greater level of accountability.

Financial Operations

Background:

The Financial Operations section focuses on financial systems within the Ohio Department of Education and is divided into six subsections:

- Financial Systems Communications - This section focuses on the systems used by ODE to process and communicate financial information among internal and external customers.
- Budgeting and Management Reporting - ODE's budget is predominantly determined every two years based on the biennial funding process for state agencies. A lesser portion of the budget is comprised mainly of federal revenue and state lottery profits that are passed directly to school districts as subsidy payments.
- Grants Management - This process is decentralized at ODE. Several departments have grants management responsibilities.
- Payroll Management - This section focuses on time and attendance reporting and the payroll transaction processing function.
- Procurement - The comptroller has oversight responsibility for ODE's procurement practices. The purchasing unit in Department Accounts reviews purchase requisitions to ensure that procurement policies and procedures of ODE and the Department of Administrative Services have been followed.

- Internal Audit - The Office of Internal Audit's activities include developing the audit schedule, coordinating the Internal Accounting Control Program, and conducting internal audits.

Findings: Significant findings of this report section include the following:

- When the Oracle financial system is completely implemented, ODE will have the same number of systems to maintain as before Oracle.
- The Oracle financial system has controls that can be utilized in varying degrees based upon the needs of ODE.
- ODE's financial procedures manual does not indicate how to process transactions through the accounting system.
- ODE programs monitor sub-recipient expenditures primarily through periodic expenditure reports and on-site reviews required at various times.
- ODE's accounting guide does not include DAS directive 00-10 in the personal service contract template.
- ODE does not effectively use the payment card system to limit the cost of payment processing.
- ODE does not have consistent procedures for soliciting bids or quotes for contracts under the \$50,000 bid floor.
- The Office of Internal Audit has not included a review of the payment card program in its schedule of audits.

Recommendations: Significant recommendations of this report section include the following:

- ODE should continue to assess potential financial system consolidations. System consolidation should provide efficiencies to system support efforts.
- ODE should continue to ensure that all users are assigned the proper roles within Oracle, based upon job titles and descriptions. System security measures should reduce possible errors and ensure financial data integrity.
- Oracle training manuals should become the basis for an updated financial procedures manual. An updated manual will help ensure compliance with financial operating procedures and assist in employee training.

- ODE should determine the frequency with which sub-recipients are required to submit expenditure reports for grant programs and for scheduling on-site reviews based on the risk factors used by the U.S. Department of Education.
- ODE should update the personal service contract template to reflect the provisions of all DAS directives. By considering the DAS provisions, updating the template will help guard against possible impropriety or the appearance of impropriety.
- ODE should ensure that consistent procedures are followed for soliciting bids or quotes when making direct purchases. Developing and implementing formal procedures will provide more integrity in the procurement process and that the purchase is the best use of state dollars.
- ODE should review the payment card program and expand its usage within a controlled environment by encouraging the existing cardholders to use the payment card for all eligible purchases. The use of the program will reduce paperwork and documentation and lower overall transaction costs.
- ODE should include a review of the payment card program as part of the internal audit schedule. This procedure will help to identify control issues that need to be addressed.

Customer Service

Background:

ODE's customer service task is made difficult by the fact that it is required to carry out many diverse responsibilities and activities. ODE is required to develop instructional resources; set standards for numerous programs and activities; monitor and oversee scores of state and federal programs; provide technical assistance to school districts; assess and monitor school districts' finances; set, administer, and enforce numerous professional certificates and licenses; create standards for and evaluate program grant proposals, along with monitoring the implementation of the grants; set standards for and monitor teacher education programs at universities; promote (and educate stakeholders about) numerous programs, requirements, and standards; collect and analyze data about Ohio schools; research, develop, and advocate for education policies; set standards for and monitor home schooling and charter, community, and non-public schools.

ODE's expansive responsibilities means that its list of stakeholders and potential customers is also large. A list of ODE stakeholders and customers could include everyone from the Governor and members of the Ohio Legislature to all school district personnel and students. Stakeholders could also include parents, lobbying organizations, and other groups of people interested in the system of public education in Ohio. Having such a large number of stakeholders and potential customers

creates a significant challenge for ODE to effectively communicate with stakeholders and focus its customer service efforts.

Findings:

- In 1999, the Superintendent of Public Instruction implemented initiatives to improve communication with local school districts and members of the General Assembly.
- AOS focus group participants reported that ODE does not notify school districts when updates are made to the web site.
- The current call center phone system, which became operational in June 2000, does not use automated prompts to direct calls.
- E-mail inquiries are handled by personnel in the OCIO, which forwards the questions to the office deemed most appropriate to handle the inquiry.
- There are no backups for the call center positions. Therefore, if an employee is absent, the call center must either attempt to obtain a temporary worker to fill the slot or operate with a reduced staff.
- In a given year, a school district could have to complete and return more than 30 forms. ODE has eliminated two forms which were required of school districts but rarely used. ODE is now looking at other forms to determine if they can be eliminated.

Recommendations:

- ODE should consider integrating the use of automated prompts and other common call center technology to improve customer service in the call center.
- The call center should be given the responsibility over general e-mail inquiries that are currently handled by the OCIO help desk staff. Transferring this function to the call center may require an increase in staff. The cost of one additional customer service representative could be between \$35,000 and \$44,000 per year.
- ODE should provide school districts with the ability to subscribe to Center mailing lists on the web site so that news and web site updates can be e-mailed. ODE would need to purchase software which could cost up to \$5,000.

- ODE needs to address the problem of not having backup replacements for call center representatives. One option to consider is cross training support staff to develop a pool of staff members who can serve as backups.
- ODE should redesign the current form submission process to make it more efficient, customer-friendly and allow for increased data accuracy. ODE should collaborate with district superintendents and treasurers to ensure that school district concerns are addressed.

Commendations:

- ODE has taken steps to develop a plan for providing quality customer service. Developing such a plan is critical for ODE to provide consistent high quality customer service throughout the organization.
- The Superintendent has taken steps to improve communication with school districts and the General Assembly. The Superintendent's actions represent one step toward improving customer service and stakeholder relations.
- The call center has conducted surveys to assess the quality of its services. Surveying to assess customer satisfaction with the call center will become even more important as more customers become aware of the call center phone number and call volumes grow.
- ODE has eliminated two unnecessary forms and continues to consider ways to simplify reporting for school districts.

*Monitoring and Oversight***Background:**

The monitoring and oversight section focuses on the procedures established by the Ohio Department of Education (ODE) to monitor and provide oversight for the following programs: (1) continuous improvement plans, (2) academic watch and academic emergency, (3) economy and efficiency plans, (4) fiscal watch and fiscal emergency, and (5) school voucher programs. The objective is to assess the established processes that support ODE's efforts to fulfill its requirements as indicated in the law. ODE's role with respect to Community Schools is the subject of a separate review by the Auditor of State. The results of that review will be issued in a separate report.

The Academic Accountability Bill, Senate Bill (S.B.) 55 was signed into law on August 22, 1997. Pursuant to S.B. 55, school districts are rated on performance every three years beginning with FY 1999-00. ODE calculates and reports for each school district, its percentages on each of the performance indicators listed in ORC § 3302.02, specifies for each such district the extent to which

the acceptable performance indicators have been achieved and designates whether the district is an effective school district, needs continuous improvement, is under an academic watch, or is in a state of academic emergency. Additionally, ODE issues annual report cards for each district based on performance data.

The school fiscal watch and fiscal emergency law was originally proposed in the Cleveland City School District performance audit issued in March 1996 by the Auditor of State (AOS). The law is based upon the 1979 municipal fiscal emergency law which has aided Ohio municipalities in fiscal emergency. S.B. 310 builds upon that law by creating the fiscal watch status to provide early warning to faltering districts whose finances are approaching fiscal emergency status, under which a state and local commission would oversee finances of the district. Effective April 10, 2001, the Ohio enacted legislation creating fiscal caution as a designation prior to fiscal watch as a preventative measure for fiscal watch and emergency conditions.

The urban schools initiative was launched in 1996 by ODE to comprehensively address the problems and issues facing urban school communities. The biennial budget bill, H.B. 215, included an urban initiative package which allocated an additional \$113.58 million for 21 urban school districts in the State of Ohio. To receive these additional dollars, the urban districts were required to comply with the following conditions:

- Implement an academic performance bench marking program;
- Receive a performance audit conducted by AOS; and
- Complete an economy and efficiency (E&E) plan within six months of the completion of the performance audit that is consistent with the recommendations of the performance audit.

Each urban district's school board or other managing authority was required to approve the E&E plans. The E&E plans were then to be approved by the Superintendent of Public Instruction (Superintendent) in consultation with the Office of Budget and Management.

The Cleveland Scholarship and Tutorial (voucher) Program was created in 1995, pursuant to ORC § 3313.975. The voucher program was created to provide for a number of students residing in a pilot audit school district, scholarships to attend alternative schools, and for an equal number of students to receive tutorial assistance grants while attending public school in any such district.

Findings:

CIP, Academic Watch and Academic Emergency

- Currently, the Office of Regional Services is budgeted for 12 educational consultants who have varied responsibilities. ODE does not have a liaison role for a point of contact between ODE and the regional teams.

- ODE does not have a standard template for school districts to use when preparing their continuous improvement plans.

Fiscal Watch and Fiscal Emergency

- Monitoring reports and district contact forms are not being maintained for all fiscal watch and emergency districts.
- The maintenance of Fiscal Assistance records appears to be fragmented and inefficiently organized.

School Voucher Programs

- Checks for the payment of the tutoring services are made out to both the parent and the tutor, which requires that the tutor track the parent down to obtain the parent's signature.
- According to the CSTP director, three temporary staff have been working 40 hours per week for over a year to perform CSTP functions.

Recommendations:

CIP, Academic Watch and Academic Emergency

- ORS should hire one additional educational consultant to provide a liaison to each of the 12 regions. The liaison would help to ensure process consistency and collaboration among the regions. The salary and benefits for this position would cost approximately \$78,000.
- ODE should develop a standard format for school districts to use when completing CIPs. A standard format should decrease the time required to review the CIPs and provide consistency to the review process.

Fiscal Watch and Fiscal Emergency

- Fiscal Assistance (FA) staff should require the use of on-site monitoring and district contact forms on a consistent basis. The forms would provide an effective method for documenting FA contact with school districts.
- Fiscal Assistance should review its file maintenance procedures and consolidate all fiscal emergency records to be maintained in one office. Consolidation will improve responsiveness to constituent requests and follow-up on outstanding issues.

School Voucher Programs

- The Cleveland Scholarship and Tutoring Program (CSTP) should adopt procedures that allow checks for tutoring services to be made out directly to the tutor. This procedure should facilitate the tutoring payment process and assist in the recruitment and retention of tutors.
- ODE should consider converting three temporary positions in the OSO's Voucher Program Section to full-time budgeted positions. The full-time salary and benefits cost is approximately \$109,200 but will be offset by the cost of the services provided by the temporary employees.

Commendations:

- ODE has directed many resources toward development and improvement of the iCIP. This initiative shows ODE's commitment to making the iCIP a more valuable tool to the CIP process.
- Collaboration between the Office of Regional Services and the Fiscal Assistance section of the Division of School Finance has led to greater coordination of efforts, efficient use of resources and effective services to school districts.

Program Assessment

Background:

Program evaluations and assessments attempt to answer questions about the effectiveness and efficiency of programs by identifying quantitative and qualitative indicators of program performance. The Office of Policy, Research and Analysis engages primarily in policy and financial analyses and is also involved in program evaluation efforts. The Office of Policy Research and Analysis also furnishes internal customers with data analysis assistance, guidance and feedback regarding research and evaluation processes.

Program assessment is important for the successful implementation of the Baldrige Criteria, and it is integral to effective performance-based budgeting. Currently, program evaluation activities are not completed systematically across ODE's centers or offices, and has resulted in a lack of consistency between assessments. Over the years, a number of programs have become too focused on process and how things are done while neglecting to assess program outcomes. Performing program assessments on a regular basis can help to foster accountability, document that program objectives have been met, identify program effects, and provide information about service delivery that will be useful to program staff and other stakeholders.

Findings:

- The Research Council has created a draft document which describes its purpose, goals and activities. However, the Council has not developed a strategic plan or an implementation strategy.

Recommendations:

- The composition of the Research Council should be examined. Each of ODE's five centers should be represented on the Council along with representatives from the Superintendentcy.
- After ensuring the Research Council is composed of the appropriate individuals, the Council should develop a formal document which states its purpose and goals, and includes an implementation plan.

Commendations:

- ODE should be commended for creating the Research and Evaluation Council. ODE is organized into centers which work independently of one and other. The Research Council could serve as the mechanism ODE needs to coordinate, standardize and oversee program evaluation issues, efforts, and results throughout the organization.

Financial Implications Summary

The following table represents a summary of the annual cost savings and implementation costs for the recommendations in this report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Recommendation	Estimated Cost Savings (Annual)	Estimated Implementation Cost (One Time)	Estimated Implementation Cost (Annual)
R4.7 ODE should develop a job analyst position			\$68,000
R4.39 Converting 24 Educational Employee Administration positions to Administrative Assistant 3 positions would potentially reduce annual salaries	\$528,000		
R5.2 Employ additional technical support staff			\$117,000
R5.3 Bring some outsourced functions back into ODE.	\$138,600 (One Time)		
R5.12 Provide Oracle training for ODE staff		\$130,000	
R5.21 Provide additional OCIO training and certification		\$45,000	
R6.30 Implement WorkTech Time time and attendance software		\$93,500	
R6.39 Increase use of payment cards for eligible purchases.	\$16,000		
R7.11 Create a system whereby school district officials can subscribe to Center mailing lists on the ODE website and receive e-mail updates of new web site content or other news from any of the Centers.		\$5,000	
R7.15 Call center should take manage customer email requests, which could require hiring one additional staff person			\$44,000
R7.16 Develop capability to use automated prompts and other common call center technology to improve customer service in the call center, and institute a call center monitoring system, so that call center statistics can be maintained.		\$55,000	
R8.7 Hire one additional educational consultant			\$78,000
R8.24 Convert three intermittent employees to full time			\$109,200
Totals	\$682,600	\$328,500	\$416,200

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Strategic Planning

Background:

Ohio Senate Bill 55 and Ohio House Bill 412, both effective November 1997, were significant first steps in creating a system of education accountability in the State of Ohio. In March 1999, the Ohio Department of Education (ODE) engaged KPMG to conduct an operational review of the business practices and overall effectiveness of the Department. The executive summary of KPMG's report, issued on July 9, 1999, stated, "This review was a fact-based, end-to-end analysis of the ODE, conducted along two lines: the Malcolm Baldrige Award criteria, and several KPMG methodologies and tools designed to measure ODE's overall effectiveness in several key processes and business practice areas." The KPMG Management Study documented findings and provided recommendations for improving the organization and management infrastructure of ODE. One recommendation in the KPMG study called for the development of a strategic plan.

Strategic planning is a management tool used to provide structure to an organization's operations. A strategic plan can help an organization focus its vision and priorities in response to its changing environment, help ensure that all members of an organization are working toward the same goal(s), and serve as a roadmap to define how an organization will get where it wants to be. Strategic planning is first, a process and second, a vision. The Texas Legislative Budget Board defines strategic planning as "a long-term, future-oriented process of assessment, goal-setting and decision-making that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organization's capabilities and environment, and leads to priority-based resource allocation and other decisions."

ODE has been working with its strategic plan since early in 1999. The process started with a cross-functional committee which was charged with creating a strategic plan draft. The original committee produced a 40-page draft. A strategic plan development team of 28 members was then created to refine the draft. The Department's one page high-level strategic plan, known as the "placemat," then went through several drafts before being accepted by the State Board of Education (Board) at its July 1999 meeting and formally adopted at its September 2000 meeting. ODE's Departmental strategic plan placemat is supported through individual employee work plans that align with the Office and Center strategic plans. This section will analyze ODE's progress in implementing KPMG's recommendations and the Malcolm Baldrige Award criteria for creating, implementing and managing a strategic plan.

Performance Measures:

The following performance measures were used to conduct the analysis of the ODE's strategic plan.

- Determine how the strategic plan was developed
- Analyze how the short-term and long-term strategies are developed
- Analyze how the strategic plan is being used
- Determine if resources are allocated to the action plans in the strategic plan
- Determine how the strategic plan and implementation processes are evaluated and improved
- Determine how the strategic plan is translated into critical success factors
- Compare ODE's strategic plan to other state boards of education
- Assess ODE's strategic plan to determine what progress has been made using ODE's performance measures as outlined in their strategic plan
- Determine if the strategic plan fully addresses current and future infrastructure needs
- Assess ODE's use of The Malcolm Baldrige Award criteria
- Assess the level of training being given on Malcolm Baldrige Award criteria

Findings/Commendations/Recommendations

Strategic Plan Development

F2.1 In March 1999, the State of Ohio engaged KPMG to conduct an operational review of the business practices and overall effectiveness of the Ohio Department of Education (ODE). A summary of KPMG's major findings and recommendations pertaining to strategic planning are as follows:

- Finding: The state does not have a comprehensive strategic plan in place for all education-related entities that describes how the state's educational agencies and other agencies with similar goals will collaborate to achieve these goals.
Recommendation: ODE should coordinate with other state education-related entities to develop a statewide comprehensive strategic plan for education.
- Finding: The ODE is currently not operating under an organization-wide strategic plan that sets out the mission, goals, objectives and measurable indicators for a system of continuous learning.
Recommendation: ODE should develop a strategic plan that clearly articulates the Department's mission, vision, objectives and measurable indicators for which progress against the plan can be assessed.
- Finding: The ODE does not have a clearly defined sense of whom their customers are, and the particular services and support systems that need to be provided for each customer group.
Recommendation: As part of the strategic planning process, the ODE needs to identify its specific customers and the corresponding services the Department will provide for each segment.
- Finding: The ODE does not have an updated staffing plan tied to the strategic plan.
Recommendation: Perform a critical work analysis and develop an updated staffing plan tied to the strategic plan.
- Finding: ODE does not effectively use data results to review, evaluate and improve the Department's overall performance.
Recommendation: ODE should consider tracking performance measures that are aligned with the organization's strategic goals to determine the effectiveness of its processes, products and services and how it compares with other industry best practice.

While ODE has made progress in implementing many of the KPMG recommendations, several remain unaddressed or partially implemented.

R2.1 ODE should immediately develop a plan and timeline for the implementation of those recommendations contained in the KPMG report which have not been fully addressed. These include development of a comprehensive strategic plan for all education-related agencies, development of measurable indicators for a system of continuous learning, establishing a clear sense of who the customer is at all levels of the organization, completion of a critical work analysis, and tracking of performance using measurable performance objectives.

ODE should facilitate the development of a comprehensive statewide strategic plan which links state education and other agencies with similar student performance-related goals and describes how each will collaborate to support goal attainment. The process should include input and involvement from all interested stakeholders, including among others, superintendents, treasurers, parents, representatives from community schools and higher education, and representatives from professional organizations such as OSBA, BASA, OEA, etc.

This statewide plan should be consistent with, but separate from, the strategic plan being developed and implemented to guide ODE's departmental operations. The departmental strategic plan is assessed in the findings, commendations and recommendations which follow.

F2.2 In early 1999, ODE formed a cross-functional committee to create a strategic plan working draft. The committee developed a 40-page draft which was then refined by a strategic plan development team. The team consisted of 28 staff members from all functional areas of ODE and two staff members from the Office of Quality Services - a separate state agency that oversees the administration of the state's quality initiatives. Agencies can request that a member of the quality services staff work with agency personnel on various initiatives. The Deputy Superintendent stated that others who were involved in the strategic planning process were Jim Shipley & Associates and a loaned executive from Proctor & Gamble.

The Department's strategic plan placemat went through several drafts before the plan was accepted by the Board at its July 1999 meeting. One year later, at a retreat in August 2000, the Superintendent invited each of the Centers' Associate Superintendents, along with one of their administrators and Jim Shipley and Associates to be involved in reviewing the Center strategic plans for alignment with the Department's strategic plan placemat. Finally, at its September 2000 meeting, the Board passed a resolution formally adopting the Department's strategic plan placemat.

ODE's organizational structure has changed with its new leadership. The Superintendent has a Deputy Superintendent, who in turn supervises five Center Associate Superintendents. The Centers then administer and supervise Offices. During the late summer and fall of 2000, Center and Office strategic plans, along with individual work plans for exempt employees, were developed and aligned with the Department's strategic plan placemat. The development procedure emphasized the value of an alignment process which articulated the Department's strategic plan placemat through the Center and Office strategic plans and finally, through individual work plans. The cascading effect of the strategic plans causes a review process in both directions because an alignment of strategies and goals up and down the organization is required. To date, only 62 percent of ODE staff have been required to develop individual work plans. However, by September 2001, ODE has indicated that all staff (both exempt and non-exempt) will be required to develop individual work plans.

C2.1 ODE's process for developing a strategic plan placemat, the subsequent Center and Office strategic plans, and the exempt employee individual work plans, have helped to maintain a focus on departmental priorities. To date, the placemat, Center and Office plans have been developed and selected individual workplans have been written with varying degrees of quality. When the strategic plan has been completed and fully implemented, the process will allow center, office and individual initiatives to be aligned with the strategic goals and objectives of the Department and will help to ensure resources are properly allocated.

R2.2 While the Board has adopted the strategic plan placemat, it should also formally adopt ODE's complete strategic plan, including the Center and Office components. To facilitate the Board's action, ODE needs to make completion of all elements of the strategic planning process a high priority. Among the elements yet to be completed are the following:

- Completion of individual work plans for all staff (**R2.3**);
- Establishment of measurable performance indicators (**R2.8**);
- Creation of a system for monitoring plan implementation (**R2.10**);
- Implementation of an annual review and revision process (**R2.4**); and
- Publishing and dissemination of the approved plan (**R2.7**).

Taken together, these actions would acknowledge the Board's concurrence with the strategic direction of the Department and help to ensure the ongoing alignment of resources throughout the agency in a manner consistent with the plan. These actions would also communicate a consistent and stable agenda for K-12 education in the state. Further, completion of the planning process, and the Board's subsequent adoption of the plan, would help to ensure that strategic priorities are less susceptible to potential changes in key ODE leadership positions. Finally, because strategic plans are dynamic documents which undergo periodic review and revision, the Board should also approve major revisions to the plan as they occur.

F2.3 ODE has a one page document that gives definitions for the strategic plan and its deployment. All personnel employed at the time of the strategic plan placemat deployment were given training. However, according to the Deputy Superintendent, there are no formal procedures to ensure that new employees are given training on how their individual work plans are tied into their Office strategic plans. This training is important because, effective June 2001, all employees will be evaluated on an annual basis to review the employees' accomplishments toward the strategic goals. These accomplishments will be tied to merit pay increases.

In March 2001, a sample review of 25 individual workplans was conducted. The review included each of the five associate superintendents, 16 individual employees hired prior to January 2001 and for four employees hired after January 2001. New employee workplans were reviewed to see if they were consistent with Office strategic plans. The review of the new employees' work plans noted the following: one clerical employee is in the collective bargaining unit and not required to have an individual workplan, pending changes to the collective bargaining agreement; one education administrator was still working on his workplan; one educational consultant used the plan of the person they replaced; and one employee used a peer's workplan.

The results of the review of the twenty-five individual workplans revealed the following deficiencies: center/office goals and strategies did not consistently communicate the linkage to departmental priorities; performance measures were not always measurable and lacked completion dates; and, workplans lacked names, position titles, and dates of submission and supervisory approval. While workplans are reviewed by the individuals' supervisors, there is no formal sign-off required to document the review and approval process.

ODE has provided training to all staff on strategic planning during the strategic plan deployment process. However, the training has not been consistently provided for new employees.

R2.3 A strategic plan is a dynamic document that requires constant updating. With the changes comes the necessity of continuous training. ODE should not only provide training to new hires, but should also maintain an ongoing training program for all employees on its strategic plan.

ODE should also replace its single page glossary of terms with a handbook that clearly explains ODE's strategic planning process, including the relationship between Department, Center, Office and individual plans, strategies and goals. This handbook should explain ODE's expectations with respect to strategic planning and provide definitions for key terms related to the planning process. The Maryland State Department of Education's Managing for Results Guidebook, the Texas Legislative Budget Board's Guide to Performance Measure

Management, along with its companion Texas Strategic Planning Template: an Overview and Strategic Planning for Nonprofit Organizations - A Practical Guide and Workbook by Michael Allison and Jude Kaye can provide guidance in developing the handbook. (See **Appendix A** for a glossary of terms.)

In addition, individual workplans should be completed by all staff and should include the following: employee's name, title and date prepared. Because supervisory review and approval is critical for ensuring alignment with departmental strategic goals and objectives, individual workplans should also include a certification statement and signatures to document office, center and departmental review and approval, as appropriate.

- F2.4 In January 2000, the Superintendent of Public Instruction issued a report to the Board. The report stated that "multiple iterations of draft plans resulted in a one-page strategic plan placemat that has been accepted by the state board and distributed widely." In addition, the report stated that ODE's "strategic plan is the basis for a statewide plan which is under development with their partners in the Baldrige in Education Initiative." The Ohio Baldrige in Education Initiative (BiE IN) leadership team is co-chaired by the superintendent of public instruction and the executive director of Ohio's BEST Practices.

The Ohio's BEST Practices initiative was launched in 1995 to identify and honor exemplary education programs and practices in school districts that have been successful in improving the performance of Ohio's students, teachers and schools. There are four award categories: *Breakthrough Practices* - to reward documented exceptional, transformational performance; *BEST Practice* - to reward documented exemplary performance worthy of replication; *Promising Practice* - to help overcome barriers to promising improvement strategies; and *Seeds of Change* - to facilitate the replication of previously designated BEST Practices.

- F2.5 The January 2000 report to the State Board of Education included a draft of seven standards for Ohio schools. The standard for strategic planning is "based on student and stakeholder needs and expectations, goals, measures, and action plans are written, implemented and evaluated on a regular cycle." This standard has since been incorporated into Chapter 3301-35 of the Ohio Administrative Code – Operating Standards for Ohio Schools, and includes the following key indicators:

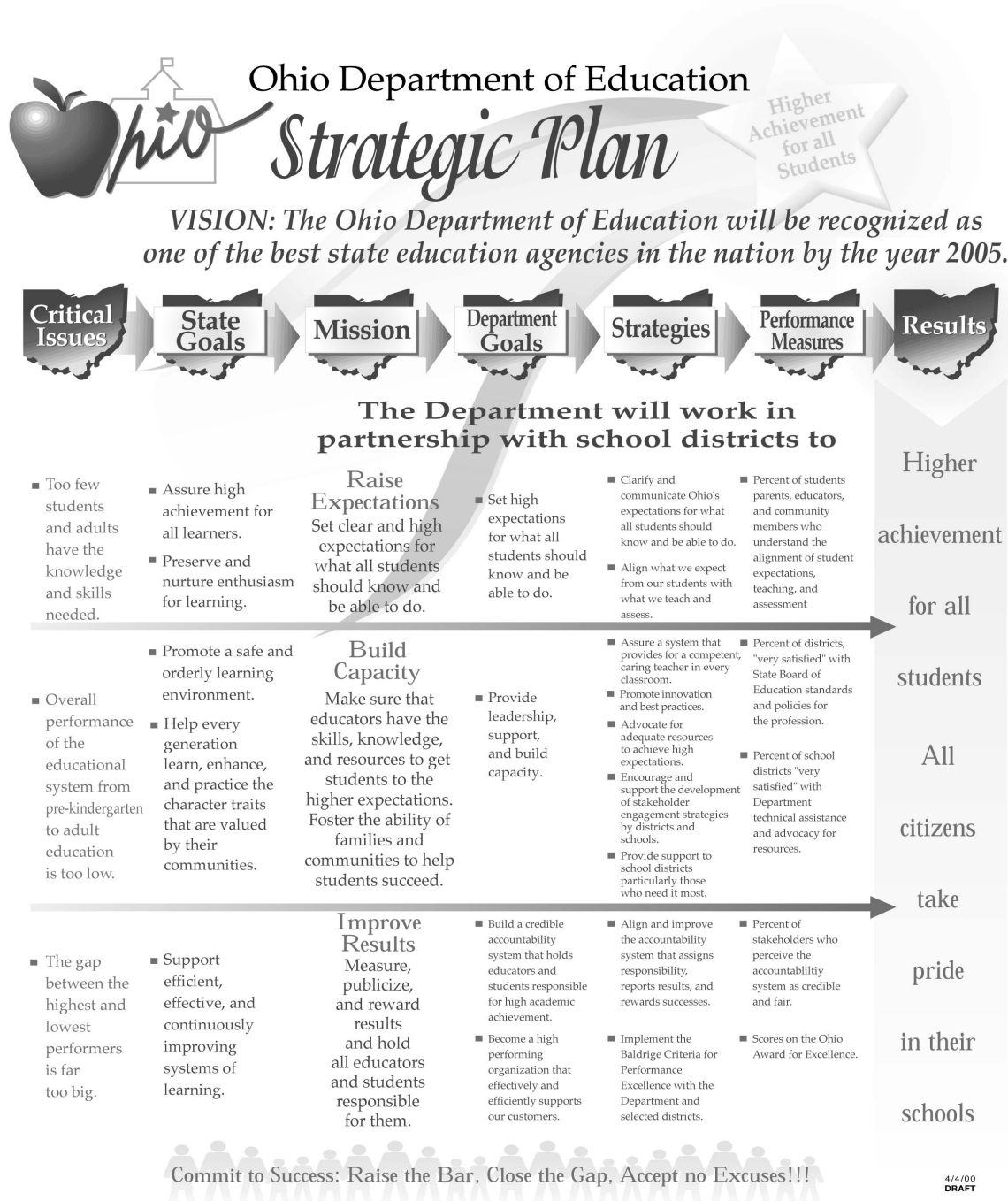
- The strategic plan takes into account all key factors that might affect future directions and decisions.
- Long- and short-term strategic plans consider the alignment and allocation of human, financial and community resources.

- Continuous improvement planning is developed as part of, and aligned with, the strategic plan.
- Resources and priorities are focused upon improving student and staff performance.
- The strategic plan is communicated to all stakeholders and implemented by appropriate personnel.
- School programs and individual work plans are aligned with the strategic plan.
- Performance is continuously tracked, compared and analyzed in order to update strategic plans, action plans and work plans.

Strategic Plan

F2.6 ODE's departmental strategic plan is shown in **Chart 2-1**.

Chart 2-1: Ohio Department of Education’s Strategic Plan



F2.7 Strategic planning is an essential managerial tool which allows for change in increasingly complex environments. As stated in the background section of this report, the Texas Legislative Budget Board defines strategic planning as a “long-term, iterative and future-oriented process of information gathering, goal setting, priority determination and decision-making.”

To manage for results through strategic planning, the following must be considered:

- Anticipate the future and plan ahead;
- Make effective policy decisions;
- Measure progress towards results; and
- Continuously monitor and use results to improve.

Elements for managing strategic planning are generally divided into four phases which pose the following four questions:

- Where are we now?
- Where do we want to be?
- How do we get there?
- How do we measure our progress?

The Deputy Superintendent stated that the strategic plan is a reference point; not a benchmark but a dynamic document. However, ODE’s strategic plan does not fully answer all four questions of strategic planning. For example, while the plan describes performance measures, they are not written in measurable terms, making assessment of progress problematic.

R2.4 ODE’s strategic plan placemat is a start in the right direction. However, ODE’s strategic plan, including office and center plans, does miss some critical components (**R2.2 and R2.5** through **R2.15**). Since strategic plans are dynamic documents, ODE should take every opportunity to continually improve its strategic plan, by reviewing and revising the strategic plan placemat. This process will allow ODE to get where it wants to be, which is to be recognized as one of the best state education agencies in the nation.

F2.8 Creating a vision statement can help ODE redefine how services are provided and prepare the organization to meet the demands of the future. ODE’s strategic plan placemat vision statement states “The Ohio Department of Education will be recognized as one of the best education agencies in the nation by the year 2005.”

Characteristics of a good vision statement, as listed in the Maryland State Department of Education’s Managing for Results Guidebook, include the following:

- a global, continual purpose for the organization;
- not bound by time and not quantified;
- about greatness - it inspires and challenges;
- idealistic - the ultimate standard toward which progress is measured;
- brief and memorable;
- descriptive of future service levels; and
- appealing to all stakeholders.

A vision statement, when integrated with mission statement(s), goals, strategies and performance measures, creates a powerful synergy. Together, they define a desired future, the accomplishments needed to get there and the principles that will guide future choices. ODE, in its strategic plan placemat, has a vision statement which meets most of the characteristics of a good vision statement. ODE's vision statement is global, it inspires and it is brief. However, it is time-bound.

R2.5 ODE should consider redefining its vision statement to take out the time-bound "2005" and be more descriptive of future service levels. For example, The Maryland State Department of Education in its strategic plan has a vision statement which is not time-bound. "The Maryland State Department of Education exemplifies energetic leadership and innovative products and services to improve public education, library services and rehabilitation services."

F2.9 The first element for managing strategic planning is determining "Where are we now?" ODE's strategic plan placemat lists three critical issues: too few students and adults have the knowledge and skills needed; overall performance of the educational system from pre-kindergarten to adult education is too low; and the gap between the highest and lowest performers is far too big.

ODE identified these three critical issues, according to one of the strategic planning team members, through the leadership perspective of ODE's senior management team. Specifically, the superintendent of public instruction articulated these issues to the strategic planning team, which also reflected input from multiple sources including the Education Coalition, the Achieve Report and the KPMG study. The Governor, the Superintendent of Public Instruction and the Ohio Business Roundtable wanted Achieve, Inc., to perform an external review of Ohio's efforts in "developing and implementing a comprehensive program to raise standards and improve performance in schools." The final report on the results of the work performed was issued on March 15, 1999.

The ODE strategic planning team did not involve its customers or stakeholders in helping to define critical issues. While some interaction did occur, the level of outreach was uneven, much of it was after the fact, and limited opportunity was provided for input during the

drafting of the strategic plan. This happened, in part, because ODE's staff is not clear on who its customers and stakeholders are (**F2.23, Table 2-3**). One member stated "We have many [stakeholders]. This is one area we never really agreed on." The Maryland State Department of Education's Managing for Results Guidebook defines stakeholders into two parts: those who receive the goods and services and those who are interested in or are affected by the results of the organization. With that in mind, ODE's stakeholders would include the state board of education, state legislature, business community, school districts, educators, students, parents, state and private educational institutions, communities and taxpayers.

R2.6 ODE, in its strategic plan, should identify its customers and stakeholders to avoid any confusion or misunderstanding (**F2.23**). All customers are stakeholders but not all stakeholders are customers. ODE should maintain input from every segment of its customer and stakeholder population and make continuing adjustments to its strategic plan. ODE has executed a contract with GartnerConsulting to help identify customer requirements and create a sharper customer focus. Performance on this contract should be closely monitored to ensure that the deliverables adequately address the key issue of customer service. See the **customer service** section for additional discussion of customer service issues.

F2.10 In July 2000, the Superintendent issued an executive summary on the status of implementation of KPMG's recommendations. Items dealing with strategic planning include the following:

- **Goal 1:** Complete a long-range strategic plan that includes measurable goals.
 - ▶ Articulate a clear, dynamic mission for the Department
 - ▶ Develop a credible plan with ambitious but achievable goals, sound strategies and strong performance measures

Previously reported next steps:

- ▶ Work to refine the strategic plan and assess its alignment with Baldrige criteria
- ▶ Cascade the strategic planning process through centers, offices and sections

Status:

- ▶ Deployment of the agency strategic plan was presented to all staff
- ▶ Center strategic plans have been completed in "draft" format with alignment and performance measure creation facilitated through Baldrige

Next Steps: (short term within three months)

- ▶ Complete office strategic plans by August 1, 2000
- ▶ Complete individual work plans that align to office strategies

Long Term: (within one year)

- ▶ Collect data to establish benchmarks and measure progress
- ▶ Revisit and revise goals/strategies/performance measures

- **Goal 2:** Lead the development of a statewide plan for education involving other governmental agencies and educational institutions
 - ▶ Develop and adopt a common set of agreed upon goals and strategies for improving Ohio's educational system
 - ▶ Align the policies and programs of key education stakeholders
 - ▶ Build effective working relationships with the governor, legislature and key stakeholder groups

Previously reported next steps: (one of three)

- ▶ The BiE IN State Leadership Team is working to develop performance measures to accompany the state education goals

Status: (one of three)

- ▶ The Baldrige in Education Initiative State Leadership Team developed performance measures for six goals. An example follows:

Assure high achievement for all learners

- Percentage of students passing proficiency tests based on curricular standards
- Average proficiency test scores and variation
- Graduation rates
- Percentage of teachers with appropriate qualifications (certification)
- National Board for Professional Teaching Standards and Praxis scores

KPMG submitted a management study to ODE in July 1999 with findings and recommendations. The Superintendent gives monthly update reports on the implementation status of the KPMG recommendations to the Board and semi-annual update reports to the Blue Ribbon Committee. Implementing KPMG's recommendations should feed into the Baldrige principles, which will capture the four goals of the strategic plan placemat. The action plan of Baldrige requires a measurable demonstration of results and/or measurable progress against action plans. Monitoring implementation of KPMG's recommendations, and the Department's strategic plan, is handled through an accountability system. This will be accomplished with the annual appraisal process when compensation will be based on performance against strategic goals. All Center, Office and individual workplans (from affected staff) were submitted by the end of 2000.

F2.11 The second element for managing strategic planning is “Where do we want to be?” ODE, in its strategic plan placemat, has identified the following three mission statements:

The Department will work in partnership with school districts to:

- Raise Expectations. Set clear and high expectations for what all students should know and be able to do.
- Build Capacity. Make sure that educators have the skills, knowledge and resources to get students to the higher expectations. Foster the ability of families and communities to help students succeed.
- Improve Results. Measure, publicize and reward results and hold all educators and students responsible for them.

As stated in Creating High-Performance Government Organizations by Mark Popovich, a mission statement answers the question: Why does the organization exist? A mission statement also outlines what the organization plans (working with others) to accomplish. Organizations have a larger sense of purpose that transcends providing for the needs of stakeholders and employees.

ODE’s “Overview of Educational Improvement in Ohio” further explains the mission statement as “Our mission is to work in partnership with schools.”

F2.12 Goals are included in the element of strategic planning which defines “Where do we want to be?” In its strategic plan, ODE has identified both state goals and Department goals. Goals are broad statements that describe desired outcomes and clarify the vision and missions. They provide direction but do not describe how to get there. Without goals, organizations clearly do not know where they are going. Goals should stretch and challenge an organization, but should be realistic, measurable and achievable. Goals will help fulfill the vision and carry out the mission.

Maryland State Department of Education’s Managing for Results Guidebook, gives the following criteria for goals:

- Goals support and clarify the agency mission, vision, and program missions by defining and elaborating on the general, broad concepts contained in them.
- Goals address priorities and the results of the internal/external assessment, and may be developed in response to strategic issues.

- Goals represent a desired program result, and lead to development of objectives, performance target and performance measures.
- Goals chart a clear direction for the agency and programs, but do not determine specific ways to get there. Objectives, strategies and action plans do that.
- Goals are general and not quantified and do not express specific targets for achievement. Objectives express the specific achievement targets. By achieving the objectives which support the goals, you can be fairly sure that you have achieved your goals.
- Goals address a single priority, whereas objectives can address more than one priority.
- Goals tend to remain essentially unchanged until a shift in environment under which they were created occurs. Focus and priorities may change over time, which should then be reflected in new goals.

As indicated in **Chart 2-1**, ODE's strategic plan placemat has both state-wide goals and Department goals and correctly follow strategic planning guideline. ODE's state-wide goals are broad statements that describe the desired outcomes and do not determine specific ways in getting there. The Department goals are general, not quantified and do not set specific targets of achievement as listed previously in the fifth bullet point (**C2.2**). However, the Deputy Superintendent stated that while ODE's strategies were not tied into the FY 2000–FY2001 biennium budget, the process for the FY 2002–FY 2003 biennium has been revised to ensure alignment with its strategic goals and objectives (**R2.7**).

Goals are accomplished by utilizing strategies. Strategies are methods to achieve goals and objectives. As stated by the Texas Legislative Budget board "Formulated from goals and objectives, a strategy is the means for transforming inputs and outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources." Strategies are concerned with the most fundamental and important ends of an organization and the major approaches in solving them. ODE's strategic plan placemat's strategies do clarify and communicate what ODE expects its organization to accomplish.

An organization should establish priorities when setting goals. Priority ranking of goals is important because it helps sets precedence for allocation of resources and provides a framework for implementing, tracking and evaluating performance and progress.

ODE's strategies do not state how they will be funded. Strategies must be accompanied with the appropriate resources in order to have the necessary support to allow them to be accomplished.

C2.2 ODE's strategic planning goals do support and clarify the Department's mission and vision. In addition, the goals address priorities, represent a desired program result and chart a direction. Also, the strategies express specific achievement targets which support the goals.

R2.7 ODE should use its strategic plan to prioritize the allocation of fiscal and personnel resources. The Department has utilized this process for the FY 2002-FY 2003 biennium budget request. However, because budgets are dynamic documents, ODE should keep abreast of changes made during the legislative and gubernatorial approval processes and realign its strategic plan to address any resulting funding constraints. When the appropriate adjustments have been made, the revised plan should be published and disseminated to all interested parties.

F2.13 The last, and probably the most important, element for managing strategic planning is, "How do we measure our progress?" In Reinventing Government, David Osborne and Ted Gaebler make the point that "What gets measured, gets done." Measuring performance is good management. It clarifies what is important to the organization and provides direction for the future. Performance measures should be stated in terms of specific future dates, so that in reviewing the performance measures, it will be known if the results were achieved in the time frame anticipated. Measurable results help guide the path to achieving the vision and mission statements and indicate if improvement has been made. A strategic planning performance measure establishes both an explanation of the measure and the methodology for its calculation. It is important that the performance measure contain enough pertinent information about the measure so that it can be clearly understood and a description of its calculation should be detailed enough to allow replication.

ODE, in its strategic plan placemat as shown in **Chart 2-1**, has performance measures that do not contain enough information and do not contain specific dates for measurement. Also, the performance measures are not clearly defined. For example, how does one measure "very satisfied" or "perceived?" What is the measurement standard for "scores on the Ohio Award for Excellence?" What are the time periods being assessed and what are the amounts of increase for the "percentages?"

Performance measures are management tools that measure work performed and results achieved. Performance measures should inform users with information that can be used to support or change a strategy. Maryland State Department of Education's Managing for Results Guidebook, gives the following criteria for good performance measures:

- clear - they can be understood by anyone and professional, or technical, terms are defined and easy to calculate and interpret;
- meaningful - significant and directly related to the mission, goals and objectives;
- valid - information is sound, it measures what you want it to measure and provides the most direct and accurate measures;
- reliable - based on accurate data which provides the same information time after time; and
- cost effective - based on acceptable data collection and processing costs.

There are many reasons to use performance measures, including the following:

- to enhance the quality of services through evaluation programs;
- to improve management practices and accountability; and
- to aid in budget development and review.

R2.8 ODE should refine the performance measures in its strategic plan placemat to better allow measurement of progress and assessment of accountability. Each performance measure should explain what the measure is intended to show and why it is important. Performance measures should also describe where the information comes from, how it is collected and describe clearly and specifically how the measure is calculated. For example, the Maryland State Department of Education strategic plan for 1998-2003 has as one of its goals “To ensure that all students achieve high academic standards and demonstrate knowledge and skills for success in a dynamic, global economy” with the following performance measure: “By 2002, the Maryland State Department of Education expects 100 percent of Maryland high school graduates will be prepared for employment and to pursue further education.”

Benchmarking and Monitoring:

F2.14 Properly developed and managed, a performance measurement and monitoring system can offer important support for managers. These measurements include, in part, the following functions: accountability, planning/budgeting, operational improvement, program evaluation and reallocation of resources. A review of the Government Finance Officers Association’s “Benchmarking and Performance Measurement” national training session of May 2000, provides the following:

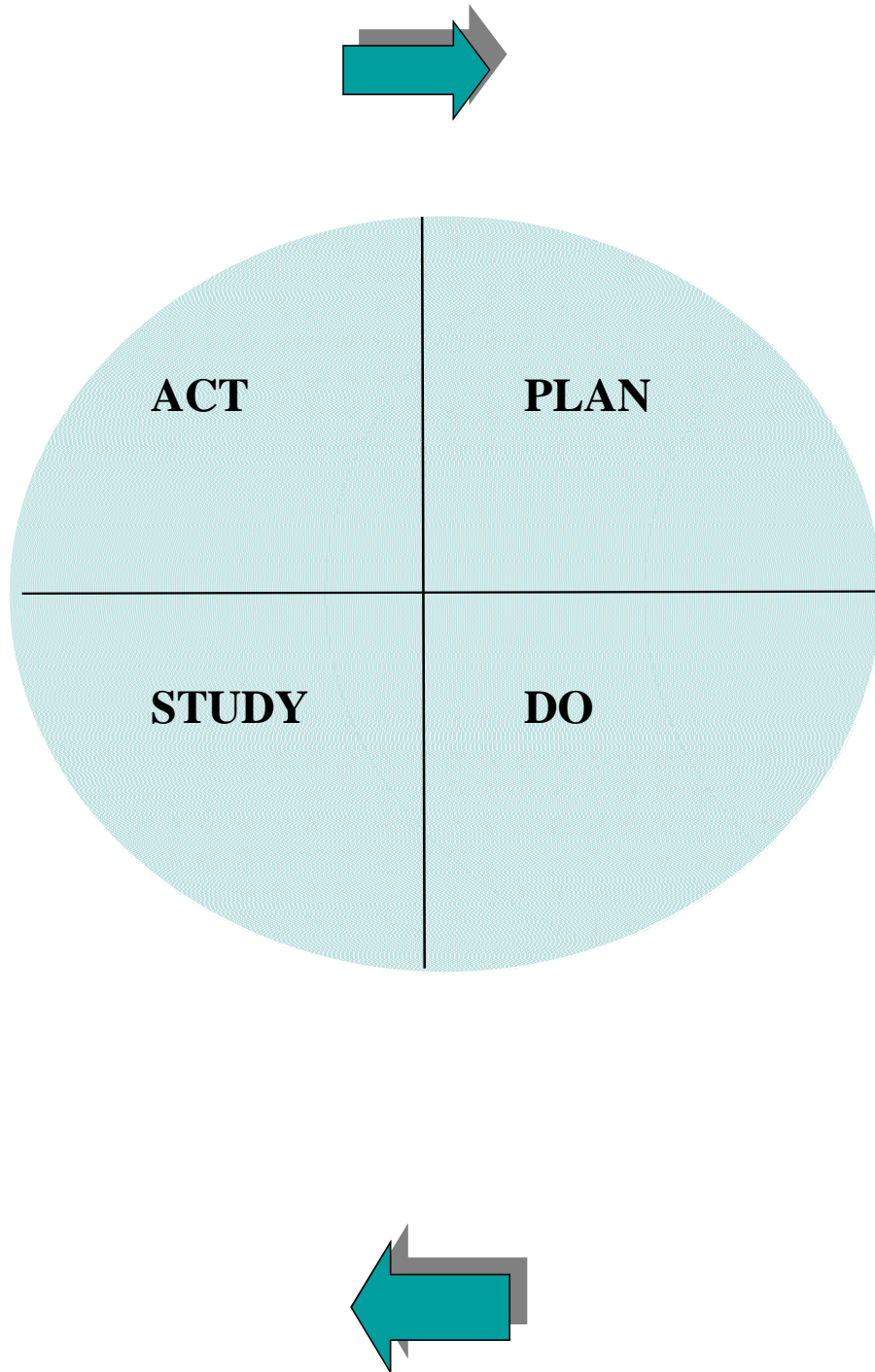
- *Performance measures* - a number, ratio, or percentage that measures the performance of a service or process at a specific point in time (number of cases, cost per case, percentage of cases) that meet certain criteria.
- *Benchmarking* - comparing performance measures with other organizations (identification of best practices).

ODE has not developed any benchmarking criteria or a plan to monitor or assess its current performance measures. In addition, its performance measures lack a stated timeframe for comparisons. The Maryland State Department of Education's Managing for Results Guidebook outlines sources of information for strategic planning, budgeting and performance measurement. These include, in part, organizations, other states and publications. The Wyoming Department of Education Strategic Plan states in its Goals 2000, as written and accepted, "allows the Department to participate effectively in the development of a technology plan for Wyoming schools that interfaces efficiently with the State Telecommunications Council, Administration and Information, Community Colleges and the University of Wyoming School Partnership as well as other groups. This planning will be used to provide technical assistance to local school districts in developing technology plans for their communities."

R2.9 ODE should develop benchmarking measurements in order to determine how they compare to other states' departments of education. Two state departments of education, Maryland and Wyoming, considered outside entities as good sources of best practices.

F2.15 The Ohio Office of Quality Control's "Leadership Skills For A High-Performance Workplace," on page E-4, illustrates Dr. W. Edwards Deming's famous "plan-do-study-act cycle." The cycle, **Figure 2-1** as presented, "... shows that no matter what we do, there is always some level of planning involved. What's more, the quality of what we do depends heavily on the quality of our planning." It appears that ODE has a plan but does not have in place a method to monitor what the plan is doing, what the plan did and how ODE should react to what has been, or what still needs to be, accomplished.

Figure 2-1: Deming's Plan-Do-Study-Act Cycle



R2.10 Planning, doing, studying and acting is a never-ending cycle and, therefore, needs to be constantly monitored. ODE should have a plan that managers must follow to monitor progress and not wait until year-end evaluations. The plan should be coordinated so that it includes all parties. Individual work plans should report progress against goals, using the performance measures of their plan, to show accomplishments. The progress report should then cascade upward to the Office, the Center and finally to the Deputy Superintendent for final review and evaluation. At a minimum, progress reports should be prepared quarterly.

F2.16 ODE's Management Study, finding 7.2.1, states that "Appraisals are not performed consistently throughout the ODE ...even though annual performance appraisals for all employees are a Department-wide requirement." In addition, the July 1999 Management Study's Figure 19 illustrates that only 39 percent of ODE employees agree that they receive a formal performance appraisal at least once per year. According to the Deputy Superintendent, there is discussion to move the evaluation process to the end of the school year versus the employee's anniversary date. ODE officials have also indicated that all staff will receive annual performance evaluations by August, 2001. Using the same time period for all employee evaluations will allow for the checking of employee performance against goals which had been previously established. An employee's goals then could be analyzed against the Office/Center/Department's strategic plans' performance measures, allowing management to make the necessary critical adjustments to the strategic plan and the appropriate funding accommodations to be made to support goal attainment.

R2.11 ODE should continue its implementation of annual evaluations for all staff at the end of a school year, rather than the current anniversary date evaluations. Continued implementation will allow ODE to better manage and align goals to strategies. In addition, with annual evaluations, the budget could be designed with strategies and goals in mind and be able to determine if each Center/Office/Section is provided sufficient resources annually to meet its goals and objectives. Only through appropriate funding of strategies will ODE be sure that it has a strong intent to effectively make progress in reaching its goals. Senior management at ODE have stated that all staff will receive annual evaluations by August 2001. There is further discussion on annual evaluations in the **human resources** section (**R4.25**) of this report.

Infrastructure

F2.17 Infrastructure is defined as the basic framework or features of a system or organization including the basic facilities and equipment needed for the functioning of an area. Other than building facilities, additional infrastructure needs would include in part, technology hardware, software, cabling and teacher training. Infrastructure needs are not addressed in the current ODE strategic plan placemat. The Wyoming Department of Education strategic plan's situation analysis states under capital maintenance issues, "The Department completed a comprehensive facilities study related to all public schools. The Legislature will continue

to address capital maintenance issues in the upcoming legislative sessions.” Wyoming is doing the planning necessary to identify cost and funding issues for capital maintenance.

The New Jersey Department of Education’s Strategic Plan for Systematic Improvement of Education has as one of its goals, “To ensure that all students are educated in school facilities that are conducive to achieving the Core Curriculum Content Standards.” It further defines the goal by noting “It has become apparent that the condition of facilities in the state has declined as buildings have aged and not been replaced or maintained. As a result of the Supreme Court decision in *Abbott v. Burke*, numerous pressing needs in the 30 Abbott districts have been identified. In other cases, districts are growing so rapidly that they cannot keep up with space needs. In order to assist school districts in the state that most need help, the department is going to provide a mechanism for providing funding and technical assistance.” New Jersey’s strategies for this goal are the following:

- 3.1 The department will provide biannual recommendations to the State Board regarding the condition of school facilities and needed actions for improvement by the anticipated date beginning spring 2000.
- 3.2 The department will develop and disseminate to all local districts a guidebook that provides examples and recommendations for school districts to work with municipalities, service agencies funded by other departments of state government, and other civic groups in an effort to increase the effective use of public facilities by the anticipated date of summer 2000.
- 3.3 The department will seek passage of facilities legislation to address needs in all districts and will implement such legislation as quickly as possible after passage by the anticipated date of fall 1999.
- 3.4 The department will provide the highest priority to the safety and security of school facilities when evaluating facility plan submissions for approval to ensure that all students are educated in a safe and supportive environment by the anticipated date beginning fall 1999.
- 3.5 The department will provide ongoing guidance and resources to districts to ensure that facilities are appropriately equipped with technology.

In May 1997, as a result of the passage of Ohio Senate Bill 102, the Ohio School Facilities Commission was established. The Commission is comprised of the director of the Department of Administrative Services, the Superintendent of Public Instruction, two State Senators, two State Representatives and is chaired by the Director of Office of Budget and Management. The mission of the Ohio School Facilities Commission (OSFC) is to provide funding, management oversight and technical assistance to Ohio school districts for the

construction and renovation of school facilities in order to create an appropriate learning environment for Ohio's school children.

R2.12 While school facility funding is now managed by the OSFC, ODE should actively utilize the Superintendent's seat on the Commission as a means to ensure that facility problems observed by ODE staff receive appropriate consideration. To the extent that facility issues impact on the educational success of students, the Superintendent and ODE are in a unique position to communicate that link and should use their Commission role to ensure that educational outcomes remain the driving force behind physical plant considerations.

Baldrige Criteria for Performance Excellence

F2.18 The Malcolm Baldrige National Quality Award was signed into law (PL 100-107) in August 1987 by President Ronald Reagan. Malcolm Baldrige was Secretary of Commerce from 1981 until his death in July 1987. Baldrige was a proponent of quality management as a key to this country's prosperity and long-term strength. He took a personal interest in the quality improvement act and helped draft one of the early versions. In recognition of his contributions, Congress named the award in his honor.

Congress established the award program in 1987 to recognize U.S. companies for their achievements in quality and business performance and to raise awareness about the importance of quality and performance excellence as a competitive edge. The award is not given for specific products or services. Three awards may be given annually in each of the following categories: manufacturing, service, small business, and, starting in 1999, education and health care. There were no education or health winners in 1999.

As stated by the director of the Baldrige National Quality Program, "The Criteria provide a valuable framework for performance excellence and can help you assess and measure performance on a wide range of key institutional performance indicators: student/stakeholders, educational service and outcomes, operational and financial. Self-assessment allows you to identify strengths and to target opportunities for improvement on processes and results affecting all key stakeholders –including students, faculty, staff and your community. The Criteria also can help you align resources; improve communication, productivity and effectiveness; and achieve your goals."

F2.19 Jim Shipley & Associates, a consulting firm, was hired by ODE to provide Baldrige training. The Malcolm Baldrige education criteria for performance excellence have the following categories:

- Leadership;
- Strategic Planning;
- Student and Stakeholder Focus;

- Information and Analysis;
- Faculty and Staff Focus;
- Process Management; and
- School Results.

The Malcolm Baldrige National Quality Award's integrated structure of educational criteria consists of direct linkages between categories. These linkages should ensure alignment and integration of all the requirements.

Shipley & Associates also provides the following definitions for core values (best practices):

- **Learning-Centered Education** - A focus of all activities on the learning needs of students. The emphasis is on active student learning with students taking responsibility for the management of key learning processes.
- **Visionary Leadership** - Setting and communication of clear and visible directions, and high expectations. Visible commitment to continual improvement. Modeling of continual improvement principles and practices.
- **Organizational and Personal Learning** - A well-executed approach to continual improvement that engages faculty, staff and students as full participants in learning and as contributors to improvement processes.
- **Valuing Faculty, Staff and Partners** - The practice of building internal and external partnerships to better accomplish overall goals. Investment in the on-going development of knowledge, capabilities, skills and motivation of faculty, staff and students.
- **Managing for Innovations** - A focus on making meaningful change to improve the school's services and processes and create new value for stakeholders.
- **Systems Perspectives** - The Core Values and the Seven Categories from the building blocks of an integrated system requiring both synthesis and alignment. A system perspective means managing your whole organization, as well as its components, to achieve performance excellence.
- **Management by Fact** - Decision-making based on measurement, information, data and analysis.

- **Focus on the Future** - A future orientation and a willingness to make long-term commitment to students and to all stakeholders - communities, employers, faculty and staff.
- **Public Responsibility and Citizenship** - The practice of the school serving as a role model in its operation as a member of the community.
- **Agility** - Faster and more flexible response to the needs of customers, students and stakeholders.
- **Focus on Results and Creating Value** - A focus on the school’s performance on results which reflect and balance the needs and interests of students and stakeholders.

Shiple & Associates has also developed the following systems check for school district leadership teams:

2.0 Strategic Planning	Not Yet	Rarely	Sometimes	Usually	Regularly
	1	2	3	4	5
District goals are aligned to the requirements of the students and other stakeholders.					
We work with other district employees and stakeholders to develop action plans to accomplish district goals.					
Individual Department plans are aligned to district goals.					
Total Category Points _____ Subtotals					

According to the Deputy Superintendent, the school districts’ superintendents and their administrative staffs are ODE’s customers. School districts are invited, but cannot be required, to align themselves with ODE’s strategic plan. However, school districts Continuous Improvement Plans (CIP) are the basis for self-improvement for a school district.

ODE plans to use additional funding as an incentive for development tools such as strategic plans. A New Outreach Program will invite 100 school districts to get involved in the Malcolm Baldrige program. In addition, CIP’s for any school district that is in academic watch or emergency will be evaluated by using the Malcolm Baldrige framework which reviews strategic input, process and measurement.

Staff and Customer Awareness

F2.20 In order to determine the depth of strategic plan knowledge among ODE's staff and customers, three methods of gathering information were used. The three different methods consisted of focus groups, surveys and questionnaires.

In August 2000, two separate focus group meetings were held with school district superintendents and treasurers. Twenty-two districts were invited to attend the focus groups with 12 school district superintendents and 12 treasurers participating. The following comments are representative of their perceptions:

Superintendents made the following observations and statements:

- They are unsure as to where the ODE mission statement originates, whether it meets their ideas as to what the mission of ODE should be.
- They are unsure as to whether school districts had any input into the formulation of the mission statement or if the mission statement was just "handed down."
- They are sure the mission statement focuses on student achievement.
- ODE should not view the school districts as adversaries but rather as colleagues working toward the same goal.
- ODE should make it easier for districts to perform their functions and meet the mission.
- ODE should stop doing things that don't meet the mission.

Treasurers noted the following:

- ODE does not have a clear mission nor does it have a grasp of who its customers are or who they should be. The treasurers stated they believe ODE's primary customer should be the school districts.
- ODE currently has an adversary relationship with school districts. ODE should be supporting the districts and providing reason, leadership, clarification of rules and regulations and simplification of the red-tape for school districts.
- They only interacted with ODE when absolutely necessary.

- Area coordinators were doing a great job.
- ODE needs to understand why it exists.
- ODE should have a clear mission, goals and objectives.
- ODE should take the lead on working out problems regarding legislative issues.
- ODE should increase its staffing levels. When they call for assistance, no one is available.

In their respective focus group meetings, school district superintendents and treasurers expressed similar concerns. For instance, both groups agreed that they were unsure how ODE's mission statement originated, who had input in its design or if ODE's mission statement was clear on who its customers are or who they should be. ODE must clearly define and communicate who its customers are.

In the fall of 2000, ODE entered into a contract with Gartner Consulting for customer relationship management (CRM). Gartner Consulting defines CRM as an effective business strategy which requires an "understanding of customer-centric views and their impact on all areas of the business. The strategy will include a thorough understanding of customer needs and values." CRM will also more clearly define ODE's customers, its customer requirements, how these requirements get into an individual's work plan and will develop matrixes for measurement. The Deputy Superintendent stated that clearer customer requirements should result in clearer goals which, in turn, should result in logical measurements of performance. The CRM report should be received by ODE in early summer 2001.

R2.13 ODE should take steps to ensure that a clear understanding exists at all levels of its organization concerning the identity of its customers. Not all staff at ODE have a clear understanding of who their customers or stakeholders are (**F2.9** and **F2.23**). As quoted in **F2.1**, KPMG stated and recommended "as part of the strategic planning process, ODE needs to identify its specific customers and the corresponding services the Department will provide for each segment." The CRM report will be an important tool for ODE's strategic plan refinement (**R2.6**). See **F2.19**, **F2.22** and **F2.23** for further discussion on the identification of ODE's customers.

F2.21 In the summer of 2000, approximately 570 surveys were sent to ODE's staff. Of the 570 surveys sent 334, or 59 percent, were returned. Three questions on the survey pertained specifically to strategic planning. The results of that section of the survey are shown in **Table 2-1**. Complete results can be found in the **human resources** section of this report.

Table 2-1: Ohio Department of Education Employee Survey Summer 2000

Survey Question:	Percent Neutral or Disagree	Percent Agree or Strongly Agree
7. ODE's vision, mission statement and goals are clearly communicated to all employees		
Administrative/Management (70)	10%	90%
Educational Consultant (131)	25%	75%
Classified Staff (97)	37%	63%
Other (36)	39%	61%
8. I understand how the strategic plan's vision, mission statement and goals pertain to my center/office and to my specific job.		
Administrative/Management (70)	16%	74%
Educational Consultant (131)	38%	62%
Classified Staff (97)	63%	37%
Other (36)	67%	33%
9. I have been encouraged to implement a professional development plan that relates to ODE's strategic plan as well as to my center's/office's goals and objectives.		
Administrative/Management (70)	28%	72%
Educational Consultant (131)	45%	55%
Classified Staff (97)	40%	60%
Other (36)	51%	39%

Source: AOS Survey

Table 2-1 clearly illustrates the fact that ODE's communication of its strategic plan to its staff falls off dramatically as you descend through the staff hierarchy. This is consistent in the results of each of the three questions. The percentage agreeing and strongly agreeing was highest for the administrative/management classification, and lowest for staff classified as other. See **F2.24** and **R2.6** for further discussion of all strategic plan surveys and questionnaires results.

F2.22 The **human resources** section of this report administered a management questionnaire to ODE staff. For the purpose of this questionnaire, the management classification was considered to be assistant director and above. There were 87 management questionnaires

sent out, with 67 returns, for a response rate of 77 percent. **Table 2-2** is a compilation of the question number 12 in the management questionnaire which dealt with strategic planning. However, since the question was open ended, some answers were categorized in more than one response. There is further discussion on the complete management questionnaire in the **human resources** section of this report.

Table 2-2: Management Questionnaire Results

Question 12. How does ODE's strategic plan (vision, mission statement and goals) affect your role as a manager?		
Response:	Number of Responses:	Percentage:
The strategic plan helps to <i>drive, guide, focus, frame, align and clarify</i> our work/roles	29	39.0 %
Provides a template for setting work and establishing <i>individual and office</i> goals and responsibilities	10	13.5 %
Aids in setting <i>priorities, planning, organizing, coordinating, working collaboratively</i>	9	12.0%
Aligns <i>resources/budget</i> with goals and strategies	6	8.0 %
Focus for <i>performance appraisal, accountability and reward, measurable objectives, monitor and change</i>	6	8.0 %
Helps support our <i>customers, collaborate efforts</i>	4	5.6 %
<i>Fuzzy, hard to understand, Limited impact</i>	3	4.0 %
Improving results through effective internal and external <i>communication</i>	2	2.7 %
Not Applicable	2	2.7 %
Provides <i>leadership building capacity</i>	1	1.5 %
Helps to <i>evaluate programs</i>	1	1,5 %
It gives directions to my work with the Ohio <i>congressional delegation</i>	1	1.5 %
Totals	74	100.0 %

Source: AOS Management Questionnaire

Table 2-2 shows that some ODE managers do not fully understand the strategic plan which suggests that it is not providing the direction that this management tool was intended to furnish. Some ODE managers seem to be unclear as to the strategic plan's four elements as described in **F2.7: Where are we now? Where do we want to be? How do we get there?**

And *How do we measure our progress?* See **F2.24** and **R2.14** for further discussion of all strategic plan surveys and questionnaire results.

F2.23 As stated in **F2.2**, a cross-functional team of ODE prepared a 40 page planning document in 1999 that defined the Department’s strategic plan. The team did not include any customers or stakeholders (**F2.9, R2.6**). A writing team was then selected to further refine the planning document. The team was composed of 28 ODE staff and two staff from the Office of Quality Services (**F2.2**). They eventually produced the one-page strategic plan placemat for ODE. There are 26 ODE staff remaining from that committee and they were sent a questionnaire on the strategic plan placemat they developed. Of the 26 questionnaires sent out, 14 were completed, for a response rate of 54 percent.

Only question seven, “I understand clearly who ODE’s strategic plan considers as customer/stakeholders,” resulted in a variety of responses. The responses included the following replies: school districts, State Board of Education, public/private agencies, parents, students, educators, ODE staff, business community, all Ohio citizens, superintendents, colleges/universities, education policy decision makers, communities, families, other state agencies, and “this was one area that we never really agreed on.”

The replies to question number seven on the questionnaire clearly indicate that the strategic plan writing team did not have a cohesive answer as to who ODE’s customers and stakeholders are. The first element for managing strategic planning is determining “Where are we now?” (See **F2.9**.) The strategic plan writing team left out an important influence to the plan by not including its customers and stakeholders and receiving their input (**R2.6**).

F2.24 In **F2.21** through **F2.23** it was concluded that as of the end of August 2000, the strategic plan has not been understood by all ODE staff. This was further evidenced by a sample review of individual workplans (**F2.3 and R2.3**). As stated in Strategic Planning for Nonprofit Organizations - A Practical Guide and Workbook, by Michael Allison and Judy Kaye, successful strategic planning improves the focus of an organization in that it generates an explicit understanding of the organization’s purpose, business(es) and values among staff, board and external constituencies and that understanding supports an increased level of commitment to the organization and its goals. They also state that a strategic plan is a blueprint for action in that improves the process of people working together by doing the following:

- Creates a forum for understanding why the organization exists and the shared values that should influence decisions;
- Fosters successful communication and teamwork;
- Lays the groundwork for meaningful change by stimulating strategic thinking and focusing on what’s really important to the organization’s long-term success; and

- Most importantly, brings everyone together to pursue opportunities for better meeting the needs of clients.

A good worksheet for the review and evaluation of a strategic plan can be found in the Strategic Planning for Nonprofit Organizations - A Practical Guide and Workbook. Worksheet 20 from the workbook is shown below in **Table 2-4**.

Table 2-4: Strategic Planning Worksheet

<p>Evaluation of Plans and the Strategic Planning Process:</p> <ul style="list-style-type: none"> - Evaluate your strategic plan, your annual operating plans and the strategic planning process - Make any suggestions for improving future planning endeavors
--

The Strategic Plan:	Yes	No
• Provides guidance to both short-term and long-term priorities?		
• Helps the organization to allocate resources?		
• Is understandable by people who have not participated in the development of the plan?		
• Responds to the organization’s best understanding of its internal and external environments?		
• Develops from a consensus and commitment-building process?		
• Has been formally adopted by the board of directors?		
Comments and suggestions for future strategic plans:		

The Annual Operational Plan(s)	Yes	No
• Has both process and outcome objectives specified?		
• Has been developed by staff who are responsible for the implementation of goals and objectives?		
• Provides an easy implementation, monitoring and reference tool?		
• Operationalizes the strategic plan?		
• Is realistic?		
Comments and suggestions for future operational plans:		

The Planning Process Met the Following Criteria:	Yes	No
• The process itself was consensus building: It offered a way to surface the needs and interests of all stakeholders and allowed sufficient time to reach agreement on what is best for the long-term and short-term interest of the client/customer;		
• The process allowed sufficient time to assess programs and the strengths, weaknesses, opportunities and threats; and		
• The process supported the achievement of the outcomes that were initially identified at the Getting Ready Phase, Worksheet 1.		
Comments and suggestions for future planning processes:		

Source: Strategic Planning for Nonprofit Organizations - A Practical Guide and Workbook, page 178

R2.14 ODE's senior administrative staff should complete the strategic planning worksheet to determine the effectiveness/completeness of the various elements of the strategic plan, down to the level of centers and offices. After the worksheet is completed, ODE should review, revise and disseminate its strategic plan to all interested parties. ODE's strategic plan is on its way to becoming a useful management tool. However, as the Deputy Superintendent stated, a strategic plan is a dynamic document that is constantly being improved.

The first section of the worksheet has been partially completed using this report's recommendations as an illustration of how the worksheet can help management make on-going improvements to the strategic plan.

The Strategic Plan:	Yes	No
• Provides guidance to both short-term and long-term priorities?	R2.10	
• Helps the organization to allocate resources?	R2.7, R2.11	
• Is understandable by people who have not participated in the development of the plan?		R2.8
• Responds to the organization's best understanding of its internal and external environments?	R2.6, R2.13	
• Develops from a consensus and commitment-building process?		R2.6 and F2.23
• Has been formally adopted by the board of directors?		R2.2
Comments and suggestions for future strategic plans:	R2.2 through R2.14	

Center Strategic Plans

F2.25 In the fall of 2000, ODE provided draft copies of its Centers' strategic plans. **Table 2-5** is an assessment of the Center strategic plans using the strategic planning worksheet.

Table 2-5: ODE Centers' Strategic Planning Worksheet

Criteria	Curriculum and Assessment	Finance and School Accountability	School Reform and Options	Students, Families and Communities	Teaching Assessment
Has a vision statement?	No	No	No	Yes	No
Provides guidance to both short-term and long-term priorities?	Yes	Yes	Yes	Yes	Yes
Helps the organization to allocate resources?	No	No	No	No	No
Is understandable by people who have not participated in the development of the plan?	Yes	Yes	Yes	Yes	Yes
Responds to the organization's best understanding of its internal and external environments?	No	No	No	No	No
Develops from a consensus and commitment-building process?	Unknown	Unknown	Unknown	Unknown	Unknown
Has been formally accepted by management?	No	No	No	No	No

Source: ODE and AOS

In addition to the analysis illustrated in **Table 2-5**, both the Centers' strategic plans and the Department's strategic plan placemat were lacking quality performance measures. Performance measures are management tools that allow the assessment of work performed and results. See **F2.13**.

R2.15 The Centers' strategic plans should include a vision statement. The vision statement will help the Centers integrate their mission statements with their goals, strategies and performance measures. The Centers' performance measures have to be quantifiable, have completion dates and, if possible, include benchmarks from other state departments of education. Only by utilizing quantifiable measures and outside benchmarking can ODE fully assess the attainment of its goals. The Centers' strategic plans should be signed and dated by the respective Associate Superintendent and be signed, dated and approved by the Deputy Superintendent. The Board should also formally adopt the Centers' strategic plans (**R2.2**).

Conclusion Statement

The Ohio Department of Education has made progress in the area of strategic planning. The Board of Education has adopted a one page placemat – a summary of the Department’s vision, mission, goals, strategies and performance measures. That high-level plan serves as a framework for the strategic plans of each center and office, and for the individual workplans of selected members of the staff, all of which are aligned to support goal attainment. While each of these planning elements exists in degree of completion, only the placemat has been formally approved by the Board. Further, each element, when completed, requires careful review to ensure alignment with the current biennium budget and the addition of measurable performance indicators.

To further communicate the importance of the strategic planning process, ODE should make completion of all elements of the strategic planning process a priority and consider having the Board adopt the complete strategic plan, including the center and office components. Doing so would enhance customer and stakeholder knowledge and understanding of ODE’s strategic priorities.

A carefully crafted strategic plan that incorporates measurable performance indicators can facilitate an assessment of the extent to which ODE is meeting its goals. In their present form, ODE’s performance measures are not quantifiable. As a result, assessment of progress will be problematic.

Success is also a function of the extent to which customers of the organization’s services perceive them to be effective, and the extent to which the organization’s goals align with customer needs. ODE has taken steps to communicate its one page strategic plan placemat to its customers. However, the strategic planning team did not directly involve customers or stakeholders in its development. As a result, there is still a disconnect between the needs of the customers as expressed by superintendents and treasurers, and the strategic direction of the Department. ODE should expand its efforts to seek customer and stakeholder input in future strategic plan reviews and revisions. ODE should also take steps to ensure that departmental staff at all levels have the same clear understanding of who the customer is that is evident among members of the senior management team.

Finally, attainment of strategic goals requires the allocation of sufficient resources to support implementation of the plan’s strategies. Since the adoption of its strategic plan, ODE has revised the budget development process to be more closely aligned with its strategic initiatives. While the budget for the FY 2002-FY 2003 biennium was developed to reflect an allocation of resources consistent with the Department’s strategic planning initiatives, final budgets seldom provide full funding of all initial requests. For that reason, ODE should review and realign its strategic plan to address the funding constraints resulting from the legislative and gubernatorial budget approval process.

In summary, ODE is in the process of completing a fundamentally sound strategic planning process. Planning and budgeting are more closely aligned with departmental priorities, and individual workplans are beginning to link performance appraisal to goal attainment. ODE should now focus on implementation of a formal periodic review and revision process. Such a process will help to ensure that the strategic plan continues to address evolving educational priorities in the state. It will also ensure that the various elements of the plan are realistically aligned with the priorities of the legislature and governor as reflected in the biennial budget.

Appendix A

Glossary of Terms

Action Plans are detailed methods of specifying how a strategy is implemented. Task specification includes staff assignments, material resource allocations, and schedules for completion. Action plans separate strategies into manageable parts for coordinated implementation of goals and objectives. Action plans specify detailed cost and expenditure information and are often referred to as "operational plans" or implementation plans." (TX)

Action Plans refer to principal organizational-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the organization should do well for its strategy to succeed. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective organization-wide understanding and deployment are possible. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all work units. Deployment might also require specialized training for some employees or recruitment of personnel. (MB)

Agility - Faster and more flexible response to the needs of customers, students and stakeholders. (JS)

Alignment refers to consistency of plans, processes, actions, information, decisions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires common understanding of purposes and goals and use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level; the key process level; and the work unit level. (MB)

Benchmark is the quantified standard against which achievement of a stated goal, objective or strategy can be measured. It is a tool for gauging "added value" performance that benefits the customer/stakeholder or progress toward achieving increased productivity and strategic efficiency. (TX)

Benchmarking Process is an integral part of the external and internal assessment conducted during the Strategic Planning process. It is an iterative method of identifying, analyzing and emulating the standards and best practices of external organizations that achieve a high degree of productivity or innovative success in program and service changes to internally managed processes. It helps define any needed improvements to individual sub-functions within an organization. (TX)

Capital Improvements are building or infrastructure projects that will be owned by the state and built with direct appropriations or with the proceeds of state-issued bonds. (TX)

Center Goals are the general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. They are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge a center, but they are realistic and achievable. (TX)

Center Mission is the reason for a center's existence. It succinctly identifies what the center does, and why and for whom. A mission statement reminds everyone -- the public, the Governor, legislators, the courts, and center personnel -- of the unique purposes promoted and served by the center. (TX)

Center Philosophy is the expression of core values and operating principles for the conduct of the center in carrying out its mission. It describes how the center conducts itself as it does its work. (TX)

Cycle Time refers to time performance – the time required to fulfill commitments or to complete tasks. (MB)

Efficiency Measures are indicators of the input resources required to produce a given level of output. They measure resource cost in dollars, employee time, or equipment used per unit of product or service output. An efficiency measure relates center efforts to center outputs. Indicators of average cost and average time normally serve as efficiency measures for center processes, but they may also serve as outcome measures when cost-per-unit-of-outcome is the focus and can be meaningfully captured. (TX)

Explanatory Measures provide information that can help users to assess the significance of performance reported on other types of measures. A center may have limited or no control over factors addressed by explanatory measures, including environmental or demographic characteristics related to center target populations. A major use of this type of measure is to describe the level of customer demand or public need for a center's products and services. However, explanatory measures also may focus on variables over which a center has significant control, such as staffing patterns for specific functions. (TX)

External/Internal Assessment is an evaluation of key factors that influence a center's success in achieving its mission and goals. Detailed evaluation of trends, conditions, opportunities, and obstacles directs the development of each element of the strategic plan. This type of assessment should be heavily quantitative. Key external factors may include economic conditions, population shifts, technological advances, geographical changes and/or statutory changes. Key internal factors include management policies, resource constraints, organizational structure, automation, personnel and operational procedures. (TX)

Focus on Results and Creating Value - A focus on the school's performance on results which reflect and balance the needs and interests of students and stakeholders. (JS)

Focus on the Future - A future orientation and a willingness to make long-term commitment to students and to all stakeholders - communities, employers, faculty and staff. (JS)

High Performance work refers to work approaches used to systematically pursue ever higher levels of overall organizational and human performance, including quality, productivity, and time performance. High performance work results in improved service for customers and other stakeholders. (MB)

Indirect Administration refers to administrative and support costs or expenditure requirements not directly attributable to the implementation of specific goals, objectives and strategies or the achievement of performance targets. (TX)

Innovation refers to the adoption of an idea, process, technology, or product that is considered new or new to its proposed application. (MB)

Inputs are the resources that a center uses to produce services, including human, financial, facility or material resources. (TX)

Learning-Centered Education - A focus of all activities on the learning needs of students. The emphasis is on active student learning with students taking responsibility for the management of key learning processes. (JS)

Management by Fact - Decision-making based on measurement, information, data and analysis. (JS)

Management Goals reflect center or institution management approaches in the overall administration of the center or institution. They may encompass activities and management approaches such as Baldrige National Quality training, customer service initiatives, and other managerial techniques that support greater efficiency and effectiveness in short-term or long-term operations. A management goal and sub-elements frequently may be non-budgetary in nature, that is, not included as a distinct and separate item in the appropriations request. It may have measures associated with successful implementation or accomplishments that remain internal to the center and are not reported on a routine basis to oversight entities. (TX)

Managing for Innovations - A focus on making meaningful change to improve the school's services and processes and create new value for stakeholders. (JS)

Measures and Indicators refer to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite. (MB)

Non-budgetary Elements are a strategic planning goal, objective, or strategy created to convey a tangible center activity or service which is not separately and directly funded. They cannot be solely policy-related or philosophical statements. Non-budgetary elements are not included as a distinct and separate item in the center's appropriations request and may have measures which remain internal to the center and are not reported on a routine basis to oversight entities. (TX)

Objectives are clear targets for specific action. They mark interim steps toward achieving a center's long-range mission and goals. Linked directly to center goals, objectives are measurable, time-based statements of intent. They emphasize the results of center actions at the end of a specific time. (TX)

Office Goals are the general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. They are both qualitative and quantifiable, but not quantified. In a strategic planning system, goals are ranked for priority. Goals stretch and challenge an office, but they are realistic and achievable. (TX)

Office Mission is the reason for an office's existence. It succinctly identifies what the center does, and why and for whom. A mission statement reminds everyone - the public, the Governor, legislators, the courts, and office staff - of the unique purposes promoted and served by the office. (TX)

Office Philosophy is the expression of core values and operating principles for the conduct of the office in carrying out its mission. It describes how the office conducts itself as it does its work. (TX)

Organizational and Personal Learning - A well-executed approach to continual improvement that engages faculty, staff and students as full participants in learning and as contributors to improvement processes. (JS)

Outcome Measures are indicators of the actual impact or effect upon a stated condition or problem. They are tools to assess the effectiveness of a center's performance and the public benefit derived. An outcome measure is typically expressed as a percentage, rate or ratio. (TX)

Output Measures are tools, or indicators, to count the services and goods produced by a center. The number of people receiving a service and the number of services delivered are often used as measures of output. (TX)

Performance refers to output results obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance might be expressed in non-financial and financial terms. (MB)

Process refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

Productivity refers to measures of efficiency of the use of resources. Although the term is often applied to single factors such as staffing (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether or not the net effect of overall changes in a process – possibly involving resource tradeoffs – is beneficial. (MB)

Public Responsibility and Citizenship - The practice of the school serving as a role model in its operation as a member of the community. (JS)

Statewide Goals are the general ends toward which the Ohio Department of Education directs its efforts. Statewide goals address the primary issues facing the state within broad groupings of interrelated state concerns. Statewide goals are founded on the statewide Ohio Department of Education's vision. (TX)

Strategic Planning is a long-term, future-oriented process of assessment, goal-setting, and decision-making that maps an explicit path between the present and a vision of the future, that relies on careful consideration of an organization's capabilities and environment, and leads to priority-based resource allocation and other decisions. (TX)

Strategic Planning and Budget Structure is the framework used by a center in preparing its request for appropriations. A center's strategic planning and budget structure consists of goals, objectives, and strategies, and their related outcome, output, efficiency, and explanatory measures, derived from the center strategic plan. Only those elements in an approved strategic planning and budget structure may be utilized by a center as items in its request for appropriations. (TX)

Strategies are methods to achieve goals and objectives. Formulated from goals and objectives, a strategy is the means for transforming inputs into outputs, and ultimately outcomes, with the best use of resources. A strategy reflects budgetary and other resources. (TX)

Systems Perspectives - The Core Values and the Seven Categories from the building blocks of an integrated system requiring both synthesis and alignment. A system perspective means managing your whole organization, as well as its components, to achieve performance excellence. (JS)

Value refers to the degree of worth relative to cost and relative to possible alternatives of a product, service, process, asset, or function. (MB)

Valuing Faculty, Staff and Partners - The practice of building internal and external partnerships to better accomplish overall goals. Investment in the on-going development of knowledge, capabilities, skills and motivation of faculty, staff and students. (JS)

Vision is an inspiring picture of a preferred future. A vision is not bound by time, represents global and continuing purposes, and serves as a foundation for a system of strategic planning. A statewide vision depicts an ideal future for the people of OHIO and the contributions that state government can make to that end. (TX)

Visionary Leadership - Setting and communication of clear and visible directions, and high expectations. Visible commitment to continual improvement. Modeling of continual improvement principles and practices. (JS)

Sources:

MB = Malcolm Baldrige National Quality Program 1999 Criteria for Performance Excellence, www.quality.nist.gov/docs/99_crit/99crit-html/99criter.htm

JS = Orientation to Performance Excellence, Jim Shipley & Associates

TX = Texas Legislative Budget Board, Strategic Planning Template, Appendix 2, Glossary of Terms, www.llb.state.tx.us/

Priority Setting

Introduction

This section examines the state and Federal requirements for which the Ohio Department of Education (ODE) is responsible and education policy and priority setting in Ohio. The section begins with background information on the state and Federal role in education policy setting, and recent events influencing education priority setting both in Ohio and at ODE. The second part of the section presents findings, commendations, and recommendations regarding who sets education policy and priorities in Ohio, ODE's interactions with the Ohio General Assembly (GA), state and Federal requirements for which ODE is responsible, and ODE's compliance with state and Federal regulations.

Background

Education Priorities in Ohio

A Brief History of Education in Ohio

The State did not become actively involved in education until 1837 when the first Superintendent of Common Schools was named by the General Assembly. In 1853, existing school laws were codified, township boards of education were organized, and a state levy of two mills was established to help fund public education statewide. In 1953, a constitutional amendment reestablished the State Board of Education (SBE) and empowered the State Board to select a Superintendent of Public Instruction (SPI).

Initially, the State Board of Education consisted of 24 members, one per Congressional district, elected for terms of six years. The number and method by which members are selected have changed significantly over the years. The current membership and terms were set into law by Am. Sub. H.B. 117 of the 121st GA and were recently recodified in H.B. 711 of the 123rd General Assembly. There are currently 19 members on the SBE. Eleven members are elected to terms of four years from State Board of Education districts, which contain three State Senate districts. Eight members are appointed by the Governor to serve terms of four years. No member of the State Board of Education may serve more than two successive terms or eight years.

The State's responsibility for education was first set into law with the ratification of the Ohio Constitution of 1851, which included an article dedicated solely to education. According to Article VI, § 02 of the Ohio Constitution, "the General Assembly shall make such provisions . . . as . . . will secure a thorough and efficient system of common schools throughout the State."

Chapter 3301 of the Ohio Revised Code (ORC) delineates the powers of the State Board of Education and the Superintendent of Public Instruction. Chapter 3301 also creates ODE as the administrative arm of the SBE and Superintendent of Public Instruction. Other chapters under Title 33 of the ORC specify the powers and duties of the SBE, SPI and ODE, although the majority of these other provisions apply to locally controlled duties and responsibilities and to the various formulas used for the allocation of funds to local districts. Chapter 3301 of the Ohio Administrative Code (OAC) contains the administrative rules that govern certain ODE operations and responsibilities and clarify certain ORC provisions.

Recent State Education Priorities

The DeRolph Decision

In the 1997 case of *DeRolph v. State* (DeRolph I), the Ohio Supreme Court ruled that the State's system of funding primary and secondary education did not meet the constitutional requirements for a "thorough and efficient system of education." In the DeRolph ruling, the Ohio Supreme Court called for a "complete and systematic overhaul" of the school funding system. Specifically, the court ordered the GA to eliminate the following deficiencies in the school funding system:

1. The operation of the School Foundation Program;
2. Emphasis on local property taxes;
3. Requirement of school district borrowing; and
4. Lack of sufficient funding for the construction and maintenance of public school buildings.

The DeRolph I decision made education funding a top priority for the Legislature. As a result, the Legislature increased funding for ODE to distribute to local school districts and increased academic and fiscal requirements for which ODE must monitor local education agencies (LEAs) compliance. Many of the recent changes to state law regarding primary and secondary education have been driven by the DeRolph decision. These changes have shaped education priorities, funding, and created additional requirements for ODE, such as responsibility for implementing a new foundation formula distribution and issuing school report cards. Key legislative initiatives shaping education priorities or creating major new requirements for ODE includes the following:

- *H.B. 215 of the 122nd GA* (1997): Enacted FY 1998 and FY 1999 appropriations and significantly increased basic education funding in response to the Ohio Supreme Court decision in the DeRolph case. However, FY 1999 appropriations were passed as a lump sum to give the GA time to develop a new basic cost foundation funding system.
- *HB 412 of the 122nd GA* (1997): Provided for fiscal accountability by requiring school districts to maintain budget reserves, set-asides for building maintenance, textbooks and instructional materials and created the school district solvency assistance fund.

- *S.B. 55 of the 122nd GA* (1997): Established school district performance standards.
- *H.B. 650 of the 122nd GA* (1998): Contained FY 1999 education appropriations, detailed the method for determining the base cost of an education for FY 1999 through FY 2004, and provided \$170 million in appropriations for school facilities construction, including an additional \$30 million for the Emergency Repair Program.
- *S.B. 230 of the 122nd GA* (1998): Established new teacher licensure standards.
- *HB 1 of the 123rd GA* (1999): Enacted the OhioReads literacy initiative and created a separate council for implementing OhioReads.
- *H.B. 282 of the 123rd GA* (1999): Enacted education appropriations for FY 2000 and FY 2001, marking the first time the state created an education budget separate from its main operating budget and increasing base cost per pupil funding.
- *SB 192 of the 123rd GA* (2000): Committed \$2.5 billion over 12 years for school construction and repair.

In May 2000, the Ohio Supreme Court once again declared the State's system of funding primary and secondary education unconstitutional (DeRolph II). While the Court found that the State had made progress in most of the areas in which it originally found deficiencies, the Court still ruled against the State and set a June 15, 2001 deadline for the GA to develop a solution. In addition to the four factors which the Court originally stated should be eliminated, the following issues were also ordered to be addressed by the General Assembly:

- Elimination of unfunded mandates in H.B. 412 and S.B. 55,
- Elimination of phantom revenue (actual effective millage versus assumed formula millage), and
- Development of strict academic standards for the public school system.

The second DeRolph ruling once again made education funding and school accountability a top priority for the Legislature and the Governor. DeRolph II also made developing a comprehensive system of standards and assessment for the public school system a priority for the Legislature, the Governor, and ODE.

In April 2000, the Governor had already created a Commission for Student Success and charged the Commission with recommending solutions to improve Ohio's school system. Outlining a comprehensive system of standards and assessments for Ohio's school system became the focus of the Governor's Commission.

The Commission made its recommendations in December 2000, and SBE endorsed the recommendations, with some modifications, in February 2001.

The Governor has requested and the Legislature has approved spending approximately \$17.3 million in the FY 2002 - FY 2003 biennium to develop new standards and curricula to implement the Commission's recommendations. ODE officials said that developing a comprehensive system of standards and assessment for Ohio's school system will be the Department's top priority in the upcoming year.

The Priorities of the Ohio Department of Education

While Court rulings and legislation have shaped education priorities, ODE has developed its own strategic priorities for education. SBE passed a strategic plan for ODE in July 1999 (for a detailed presentation and assessments of the strategic plan see the **Strategic Planning** section). The strategic plan sets three main priorities or missions for ODE as follows:

The Department will work in partnership with school districts to:

- *Raise Expectations:* Set clear and high expectations for what all students should know and be able to do.
- *Build Capacity:* Make sure that educators have the skills, knowledge and resources to get students to the higher expectations. Foster the ability of families and communities to help students succeed.
- *Improve Results:* Measure, publicize and reward results and hold all educators and students responsible for them.

Since 1999, ODE has looked to its three main missions to guide its priorities in terms of funding requests for the FY 2002-03 budget and in making recommendations to the General Assembly. For example, ODE's major requests for additional funding for the FY 2002-03 budget focus on its three mission priorities. ODE proposed more than \$40 million of additional funding for a group of programs for the "educator life cycle," designed to build the capacity of teachers from recruitment and induction of new teachers to the professional development and retention of experienced teachers. ODE also requested more than \$7 million in additional funding to develop and disseminate academic content standards meant to set clear and high expectations for students.

Federal Actions Impacting Education Priorities

Except for periodically passing legislation providing funding for vocational education programs and for schools in federally impacted areas, the Federal government did not pursue an active role in primary and secondary education until 1943 when Congress passed the School Lunch Indemnity Plan. This act provided funding for school food purchases. The Indemnity program was later supplanted by the National School Lunch Act of 1946, which provided funding for school lunch programs. In 1958, the National Defense Education Act was passed, providing money to states to strengthen science, math, and foreign language courses. In 1963, the Vocational Education Act was passed providing funding and Federal requirements for vocational education.

However, it was not until 1965, with the passage of the Elementary and Secondary Education Act (ESEA), that the Federal government began to substantially involve itself in education funding and policy. The ESEA funded programs for disadvantaged students (Title I), instructional innovations (Title VI), and many other programs. Since its inception, the ESEA has been amended several times, most recently in 1994, and expanded to include professional development funding (Title II) as well as funding for class size reduction efforts (Title VI-R). Also originally passed in 1965, the Higher Education Act (HEA) provided programs, loans, and subsidies for post secondary education, but also affected primary and secondary education through its provisions regarding teacher training programs. Several amendments have been made to the HEA since 1965, including the establishment of a teacher preparation institution report card in the most recent 1998 amendments (Title II).

Since 1965, Congress has passed many other pieces of legislation significantly increasing both Federal funding and Federal requirements for primary and secondary education. Key pieces of Federal legislation affecting primary and secondary education priorities include the following:

- *Education Professions Development Act (1967)*: Amended the Higher Education Act to provide for improvement in the quality of teaching.
- *Drug Abuse Education Act (1970)*, the *Drug Abuse Office and Treatment Act (1972)*, the *Drug Free Schools and Communities Act (1986)*, and the *Safe and Drug Free Schools Act (1989)*: Provided funding for drug education programs.
- *Education for All Handicapped Children Act (1975)* and the *Individuals with Disabilities Education Act (1997)*: Required public schools to serve all children with disabilities, set specific requirements for serving children with disabilities, and provided funding for special education programs.
- *Department of Education Organization Act (1979)*: Created the Federal Department of Education as a cabinet-level department that creates and oversees Federal education programs.

- *Education Consolidation and Improvement Act (1981)*: Consolidated 42 education programs into seven block grants, giving states more flexibility as how to spend funds.
- *Americans with Disabilities Act (1990)*: Barred discrimination based on disabilities and required private and public entities, including schools, to provide accommodations for people with disabilities.
- *Goals 2000: Educate America Act, School-to-Work Act, and Improving America's Schools Act*, (all enacted in 1994): Provided funding for programs to improve the state of the nation's public school systems, set higher education standards, and improve teacher quality.

Performance Measures

The following is a list of performance measures that were used to review the Ohio Department of Education's priorities and the compliance of ODE's actions with these priorities and with state and Federal laws and regulations:

- Assessment of compliance with Ohio Revised Code (ORC)
- Assessment of compliance with Ohio Administrative Code (OAC)
- Assessment of compliance with State Board of Education requirements
- Assessment of compliance with Federal statutes and regulations
- Assessment of ODE interaction with GA
- Assessment of ODE control over its funds

Findings/Commendations/Recommendations

Education Policy and Priority Setting Authority

F3.1 From a legal perspective, it is clear that the Ohio General Assembly has the legal authority to set education policy in Ohio. Under Ohio's governmental structure, the State Board of Education (SBE), which oversees and directs the activities of ODE, has only as much legal authority to set education policy as the GA will allow. Essentially, ODE's ability to set education policy rests largely in its ability to influence the Legislature to enact the legislation SBE recommends or to gain the support of entities that can influence the GA to adopt legislation supported by ODE.

As described in the March 2000 New Ohio Institute report, *Smart Schools: Does Ohio Put Its Money Where It Matters?*, describes it, "The structure of state government in Ohio puts most of the control for education spending and education policy in the hands of the Ohio General Assembly. The State Board of Education lacks any budget authority and merely recommends a budget every two years to both the governor and to the legislature."

The legal basis for the Legislature's authority in setting education policy is grounded in the Ohio Constitution:

- Article VI, § 02 of the Ohio Constitution states, "The General Assembly shall make such provisions, by taxation, or otherwise, as, with the income arising from the school trust fund, will secure a thorough and efficient system of common schools throughout the state;"
- Article VI, § 03 of the Ohio Constitution states, "Provision shall be made by law for the organization, administration, and control of the public school system of the state supported by public funds"
- Article VI, § 04 of the Ohio Constitution states, "There shall be a state board of education which shall be selected in such manner and for such terms as shall be provided by law. There shall be a superintendent of public instruction, who shall be appointed by the state board of education. The respective powers and duties of the board and of the superintendent shall be prescribed by law."

F3.2 In addition to having the authority to decide which education requirements and programs will become law and receive state funding, the GA also has established the Joint Committee on Agency Rule Review (JCARR) to ensure that the Legislature has control over administrative rules promulgated to implement legal statutes. JCARR consists of five State Representatives

and five State Senators. The primary function of JCARR is to review proposed new and amended administrative rules to ensure the rules *do not* do the following:

- Exceed the scope of the rule-making agency's statutory authority;
- Conflict with a rule of that agency or another rule-making agency; or
- Conflict with the intent of the legislature in enacting the statute under which the rule is proposed.

Through JCARR, the Legislature is able to ensure that the detailed rules promulgated by ODE, and other agencies, to implement legal mandates, agree with the policies established in legislation. Between its legal authority, budgetary control, and the oversight of JCARR, the Legislature has the ability to tightly control state educational policy and ODE activities.

F3.3 ODE's lack of direct independent control over the setting of education priorities is demonstrated by the fact that it has many legal and regulatory restrictions on how it may spend its funds. Based upon an analysis of FY 2000 funding for ODE programs and operations, ODE has independent discretion for how to spend less than five percent of its total funding. In fact, about 75% or more of the state funding for ODE is disbursed based upon legally prescribed formulas. Even for the funds over which it has discretion, the Legislature and Congress have typically set general requirements restricting the purpose for which the funds can be spent. ODE's influence on budget priorities is in its ability to influence the legislative process.

Federal government requirements prescribe, generally guide, or restrict priorities for nearly 20 percent of funds disbursed by ODE (more than \$1.2 billion of \$6.5 billion in FY 2000). This includes funding for Federal programs, state-matching funds for Federal programs, and state spending in areas where Federal requirements largely dictate how funds must be spent.

For example, Ohio provides millions of dollars in funding for special education, which is distributed by ODE to local education agencies largely based upon a formula mandated by the Ohio General Assembly, but how that funding must be spent by schools is largely determined by the two Federal acts: the *Education for All Handicapped Children Act* (1975) and the *Individuals with Disabilities Education Act* (1997).

The major areas or programs in which the Federal government has significant impact on ODE and education policy priorities include the following:

- *Basic support:* Nearly one-third of the Federal funding provided to ODE, more than \$650 million in FY 2000, is for basic support of school district operations. About 10 percent of these funds go toward special and vocational education. However, the state has discretion in how to spend these funds, and the General Assembly has chosen to distribute these funds through the foundation formula.

- *Child Nutrition and Care Programs:* More than 10 percent of Federal funding (more than \$200 million in FY 2000) is for child nutrition programs such as National School Lunch and School Breakfast. Federal law strictly prescribes how child nutrition funds must be spent and some of these programs require the state to provide matching funds.
- *Education of Disadvantaged Children:* About 20 percent of Federal funding, nearly \$300 million in FY 2000, is for direct assistance to school districts with high populations of economically disadvantaged students.
- *Head Start:* The Federal government provides several hundred thousand dollars for this program each year (\$294,000 in FY 2000), with additional funding from other Federal programs for disadvantaged children and for health services. The state provides millions of additional dollars each year for Head Start (\$96,819,000 in FY 2000). Head Start requirements are set by Federal regulations.
- *Job Training Programs:* The Federal government provides millions of dollars each year for various job training programs, more than \$15 million in FY 2000, which have specific requirements as to how the funds must be spent.
- *Special Education:* Almost 10 percent of Federal funding, more than \$130 million in FY 2000, is for special education students and Federal mandates drive most special education spending.
- *Vocational Education:* About 3 percent of Federal funding, more than \$80 million in FY 2000, is to fund vocational education and much of state spending on vocational and technical education is guided by requirements in the *Vocational Education Act* (1963) and subsequent amendments.
- *Safe and Drug Free Schools Programs:* Most of the funding disbursed through ODE to school districts and most of the funding in local schools for anti-drug programs is Federal money that must be spent according to Federal requirements.

F3.4 According to Director of Budget and Government Relations, the Federal government is the driving force behind special education programs, as state requirements mirror Federal regulations. Vocational education is more of a partnership with both the state and Federal governments driving the direction in these programs.

F3.5 AOS staff members conducted interviews with key legislators in fall 2000 and with key members of the SBE in February 2001. Legislators were nearly unanimous in the opinion that the GA sets education policy for the state, and the SBE members concurred. As one legislator

said, “The General Assembly and the Governor set education policy in the state. The general public holds the Legislature and the Governor accountable, so they make the decisions.”

Performance staff conducted focus groups in fall 2000 with local school district treasurers and superintendents. In the superintendents’ focus group there was a consensus that the GA and the Governor drive priorities for ODE. Members of the treasurers’ focus group also said the Legislature is the driving force behind priority setting for ODE.

ODE Priority Setting and Interaction with General Assembly

F3.6 Legislators’ opinions varied widely on how important or influential a role ODE should play in education priority setting, but even most of its supporters reported that ODE’s image in the GA is poor. The evidence suggests that ODE will have to improve its services to, or interactions with, legislators and demonstrably improve its operations to boost its image with the GA and increase its influence. Legislators’ main criticisms include a concern that ODE does a poor job of implementing programs, demonstrating accountability, and providing reliable information for decision-making.

Legislators’ views varied from describing ODE as a key partner in developing education policy to seeing no role for ODE. Some legislators also indicated that ODE’s influence and credibility is increasing, at least in comparison to most of the 1990’s when ODE seems to have lost favor with many in the General Assembly.

ODE has many critics in the Legislature, even among members that think the Legislature should listen to the SBE in setting education policy. One such legislator said the GA has had to force ODE to do things, when instead, the Legislature would prefer ODE work with it to formulate and suggest policy. Legislators, often expressed a lack of confidence in ODE’s ability to effectively manage programs and provide leadership for decision-making.

According to the New Ohio Institute report, “. . . the Legislature . . . wielded more of [its] power during the 1990s because of what [was] viewed as a lack of leadership . . . The governor and other state leaders expressed their dissatisfaction with the way the State Board and the Ohio Department of Education conducted their business: Incompetent, too slow, and not accountable to state leaders . . . ”

In the late 1990s, the Legislature and Governor’s lack of confidence in ODE manifested itself in legislation removing local school facilities and technology responsibilities from ODE and creating new entities to administer these responsibilities, and new education initiatives. The new entities created by the GA include the following:

- *Ohio SchoolNet Commission*: Created in 1997 to administer the state's \$600 million investment in SchoolNet, a computer network providing access to data, voice, and video networks to public schools throughout the state.
- *Ohio School Facilities Commission*: Created in 1997 to administer a new initiative to provide hundreds of millions of dollars to schools for new facilities.
- *OhioReads Council*: Created in 1999 to implement the Governor's OhioReads literacy initiative.

The Legislature has also required certain OAC regulations passed by SBE to be approved by a joint resolution of the GA before going into effect and as recently as fall 2000, the Senate passed a bipartisan bill, which, if enacted, would have removed educator licensing functions from ODE. This bill has not been reintroduced in 2001.

- F3.7 According to the New Ohio Institute Report, "While the legislature failed to pass more than half of the board's recommendations, it did pass many pieces of its own legislation or those of the governor, some of which contradicted the board's recommendations . . . [SBE] brings forward detailed legislative policy and budget recommendations, [but] the evidence suggests that these recommendations are routinely ignored."

For example, ODE has on several occasions recommended funding for program evaluations, but the Ohio General Assembly has declined to approve such funding. In the budget recommendations submitted in 1998, for fiscal years 2000 and 2001, ODE requested \$3 million for a line item entitled "Program Research and Evaluation" in order to evaluate the effectiveness of its programs. The Legislature cut this research funding from the budget entirely. In past years, ODE has also requested funds for a management study and the Legislature has not provided funding

However, in the FY 2000-2001 budget, ODE finally did receive funding for a management study, which was completed in 1999 by KPMG. Also, the Governor's budget recommendations for the FY 2002-FY 2003 biennium, include a significant increase for ODE's Policy and Analysis line item (\$1 million or 162% in FY 2002), which supports analysis of existing programs implemented by the Department.

According to the New Ohio Institute report, over the past decade, the State Board of Education made 150 priority recommendations, an average of 30 per year, and asked for biennial budget increases that averaged 25% per request. The Ohio General Assembly granted one of four priority recommendations and \$2 of every additional \$5 requested.

- F3.8 ODE management representatives and selected SBE members indicated that ODE considers the GA an important stakeholder. According to the Office of the Superintendent, ODE seeks

to be a reliable and credible education policy resource for the GA, while also advocating for SBE policies and recommendations.

F3.9 According to ODE there are many education areas in which ODE does not have primary discretion to set policy or establish priorities. These areas include the following:

- Formula distributions, such as foundation base cost funding, local professional development block grants, transportation;
- Special Education;
- Vocational Education;
- Gifted Education;
- Ohio Education Computer Network;
- EMIS data reporting;
- AIDS education (GA disallowed funding);
- Child Nutrition;
- Head Start; and
- Federal programs.

F3.10 Legislators offered several suggestions for what ODE's role should be. In general, the comments suggest that legislators want ODE to focus on effectively implementing programs and providing data and expert advice for GA decision-making. Legislators' comments included the following:

- ODE's mission should be to secure necessary funds and develop policies and programs to deliver excellent educational instruction.
- ODE's mission should be to make sure education in Ohio is superior, interface with the GA to accomplish this mission, and implement laws to ensure a quality education product.
- SBE should be experts with testing, assessment, and standards to offer the GA ideas on education reform. ODE should provide information on what other states are doing, what would work in Ohio, and serve as a clearinghouse for educational information.
- The mission of ODE is to handle budgetary and curricular issues and establish policy. It should spend 75 to 80 percent of its time facilitating with districts. ODE needs to do more evaluation and follow-up, and be better on handling complaints. ODE currently reacts instead of evaluating programs.
- ODE should implement the laws as smoothly as possible and provide comprehensive monitoring of school districts.

R3.1 As noted in the **Strategic Planning** section (**R2.5**), ODE should consider establishing an implementation task force to oversee the implementation of those recommendations adopted from this management audit, along with those from the KPMG audit. The task force should develop an implementation strategy and specific implementation time lines that include completion dates, dates for offices to report to the task force, dates for the task force to report to the superintendent, SBE, and the public. The task force should include staff from the office of the superintendent and selected top management personnel from ODE centers. Such implementation should enable ODE to clearly demonstrate accountability in terms of compliance with state and Federal requirements and the effectiveness of its programs. This process will ensure that management is kept informed, that adequate progress is made on recommendations, and that barriers to implementing the recommendations can be addressed.

ODE cannot improve perceptions of its performance with the GA until it can clearly demonstrate to legislators that it is a competent, credible, and accountable organization that can be trusted to provide reliable information and effectively implement programs. If ODE improves its standing with the GA, it should improve the ability to influence education policy, gain support for its priorities, and increase its discretion in carrying out education policy. Also, implementing the management recommendations will address Baldrige criteria for leadership, strategic planning, information and analysis, staff focus, and process management.

F3.11 ODE regularly interacts with the GA by issuing formal SBE Budget and Policy Recommendations and formal position papers, testifying at budget hearings and regular committee hearings, and by distributing a quarterly newsletter and an annual education report to the Legislature. Education committee chairs also receive all SBE communications.

In the last two years, ODE has undertaken several new activities designed to improve its relationships with members of the GA, including hosting a dinner with Senate education committee members, reporting annually on Ohio's education system to a joint meeting of the House and Senate education committees, and holding legislator workshops on school finance and other education issues. According to the Office of the SPI, in the last few years, the education committee chairs have become much more actively involved with ODE, regularly attending SBE meetings and taking an interest in SBE activities. This has resulted in better communication between ODE and the GA.

ODE's Customer Relationship Management (CRM) study, being conducted by the Gartner Group, Inc., will include strategies for managing its relationship with the GA and the Governor. According to ODE's Chief Information Officer, the CRM strategy should identify types of products and services each customer expects and suggest ways for tracking satisfaction of each customer.

According to ODE, the Office of Policy, Research, and Analysis (OPRA) is devoted to providing information on school finance and other issues of interest to the ODE and the General Assembly. OPRA is involved in all policy development and also does evaluations on ODE programs. However, one SBE member interviewed does not think ODE has the staff it needs to perform all the analysis needed to make effective policy recommendations.

C3.1 ODE is taking steps to improve its interactions with the General Assembly. ODE is beginning to improve communication with the GA and has taken steps to provide more consistent service. These steps can help to improve ODE's image with the Legislature and could increase the Department's influence in setting education policy.

F3.12 Legislators call ODE on a regular basis seeking education data and research. The Office of Budget and Government Relations (OBGR) handles many of these calls. Legislators' calls are logged with a date, time, name, and question. ODE keeps a file on each legislator's request.

According to the OBGR Director, ODE staff are supposed to answer basic factual questions from legislators as quickly and accurately as possible. Staff should refer legislators to OBGR if they cannot answer a question or do not feel comfortable handling a particular call. OBGR's goal is to respond back to legislator's within 24 hours with a response. Staff are also told to report all legislator calls to OBGR, so they can be logged. ODE does not have a written policy outlining these guidelines, although staff are reminded of them periodically via email or memorandum.

R3.2 OBGR should develop formal policies and procedures for managing and documenting staff interactions with legislators. OBGR should also work with the Office of Customer Service to provide training on these policies. In order to provide consistently effective service to legislators, ODE needs to provide staff with clear expectations and adequate training. Compliance with legislator interaction procedures should be evaluated in the annual staff evaluation recommended in the **Human Resources** section (**R4.24**, and **R4.25**). Developing legislator interaction policies, providing training, and assessing staff performance, as to compliance with ODE legislator interaction procedures, would address Baldrige criteria for customer and staff focus and process management.

Systematically documenting interactions with legislators will also enable ODE to collect, maintain, and analyze data on legislator requests to identify common issues, problems and trends. In turn, this will allow ODE to take additional steps to provide training for staff or hold conferences for legislators to provide information on issues of wide interest or confusion.

- F3.13 The New Ohio Institute report stated that the legislature is often unwilling to provide increased funding for ODE programs because the Department is unable to provide evidence of program effectiveness. The report quotes one former Superintendent of Public Instruction as saying, "You would get a 20 percent increase and two years later the legislators would ask what difference it made, and you would have to say you cannot tell them that. Did they get an improvement? What in the world are we giving you 20 percent more for?"
- F3.14 According to the Director of Budget and Government Relations, ODE is working to develop performance measures by which it can measure the effectiveness of policies and programs. ODE is also beginning to set its budget to match its priorities. ODE said it will take a year or two to have the entire budget matched up with performance measures. According to ODE's strategic plan, the results of carrying out its strategic mission and strategies will be "higher achievement for all students."

ODE personnel said they were not aware of any ODE functions that were unrelated to its mission. Several functions performed by ODE are shared with other state departments. For example, The Ohio Department of Alcohol and Drug Addiction Services receives a portion of the Federal Safe and Drug Free Schools money to provide various services and programs. Also, the Ohio Department of Job and Family Services (ODJFS) licenses child day care centers, a function also performed by ODE when such centers are operated by a school or school district.

Comments from the district Superintendent focus group suggest that SBE needs to set rules that relate to the mission of ODE. Policies must then fit that mission, and if policies and procedures do not fit the mission, the ODE should ask itself why the function is being performed.

ODE's three strategic missions (raising expectations, building capacity, and improving results) seem largely in line with the Legislature's priorities, particularly the Legislature's desire to set high expectations for students and measure results to hold schools accountable for those results.

R3.3 ODE should implement recommendations **R2.6, R2.7, R2.8**, (**Strategic Planning** section) **R6.8, R6.12**, (**Financial Operations** section), **R9.1, R9.2, R9.4**, and **R9.8** (**Program Assessment** section) to develop comprehensive, systematic, and clear data on the cost, effectiveness, and outcomes of each program administered by the Department. ODE should then evaluate each program's contribution to its strategic priorities. Ineffective programs and programs not contributing to strategic priorities should be eliminated, altered or transferred to another agency.

Implementing this recommendation should enable ODE to demonstrate program effectiveness and accountability to legislators, so that it can better justify and obtain funding

increases from the Legislature. It should also focus ODE efforts and funding on areas and programs related to its strategic priorities, which should improve ODE's ability to achieve its strategic goals. Following this recommendation will also address Baldrige criteria for information and analysis and process management.

ODE needs to clearly identify its strategic priorities, along with the costs and benefits of its programs, so that the Department can proactively advance its policy priorities in the Legislature through the biennial budget and other legislation.

F3.15 Legislators have divergent views on the influence that lobbying groups have on ODE, the GA, and education priorities in Ohio. In general, the comments suggest that lobbying groups focus their efforts primarily on the General Assembly. Selected legislators offered comments as follows:

- “Outside groups such as the OEA [Ohio Education Association] and OSBA [Ohio School Boards Association] have a great deal of impact on ODE and SBE, and a lesser impact on the General Assembly.”
- Groups such as OEA and OSBA “do not manipulate ODE. These groups tend to operate somewhat independently from ODE, but are effective lobbyists of the General Assembly.”
- “Outside constituencies focus on the General Assembly end of the policy spectrum. There may be some lobbying at ODE, but most groups know that the ball game is over in the General Assembly.”

In the focus group, Superintendents said that OEA, the business community, educational service centers, and other groups, outside of public school districts, have some influence over ODE priorities, but to a lesser extent than GA, the Governor, and school districts influence ODE.

SBE members said they thought that lobbying groups had a fair amount of influence, but this was balanced with ODE's expert knowledge and constituent views. One SBE member reported that it was helpful when ODE worked with groups and built support for policies because buy-in from education groups was needed to get legislation passed. The SBE member cited the Governor's Commission for Student Success as an example of the usefulness of building a consensus.

F3.16 In the past two years, ODE has worked to reinstitute the Educational Coalition, which is an umbrella organization for the major education organizations in the state including the Ohio Educational Association, the Ohio School Boards Association, the Ohio Federation of Teachers. ODE staff meet with Educational Coalition lobbyists monthly to discuss issues and

they meet formally with Educational Coalition members at least quarterly. According to ODE, the Coalition has been around for 20 years, but it is through ODE efforts in recent years that the Coalition has become active again. ODE views the Coalition as an opportunity to develop a consensus on policy issues. ODE also played a critical role in organizing and assisting the Governor's Commission for Student Success.

C3.2 Working with the Educational Coalition is an important step in ODE's efforts to influence education policy in Ohio. Member organizations have influence in the GA and can help get policies enacted.. Interacting with key lobbying groups in this fashion can also help ODE to better include stakeholder input when developing policy recommendations and setting priorities. Working to reinstitute the Coalition, and ODE's role on the Governor's Commission for Student Success, also address Baldrige criteria for demonstrating leadership.

F3.17 Areas in which ODE officials reported having discretion to set policy include: educator professional development, operations, internal technology initiatives, and community schools. SBE members also cited these as areas in which ODE has broad discretion.

SBE members and ODE management officials reported that developing curriculum and standards would be ODE's top priority for the next 12 months, while priorities for the next couple of years include instituting community development and parental involvement programs focusing on literacy, and implementing Entry Year, which is ODE's new teacher mentoring and assessment program.

According to ODE, internal operations' priorities for the next two years, include developing performance budgeting and tying all state and Federal funding to the Department's strategic plan, completing the EMIS redesign with the ability to collect student level data, developing ODE's enterprise resource management computer system, and the redesign of the school foundation payment system.

It appears that these priorities are relevant to the ODE strategic plan and areas in which ODE has relatively broad discretion to set policy based upon how it implements specific initiatives in these areas.

R3.4 ODE should develop plans for these priority areas. The plan should estimate the funding and staffing required for successful implementation. Also, the plan should outline how ODE plans to incorporate these programs into its current operations and how the initiatives fit into ODE's strategic mission. Finally, each plan should detail how initiatives will be carried out and evaluated. These planning steps are critical for ensuring a successful implementation of the initiatives and for ensuring that the initiatives are strategically relevant, practically feasible, and smoothly instituted. These plans can also be shared with the General Assembly and interests groups to secure both input on and support for the initiatives.

State Requirements for which ODE is Responsible

F3.18 While the Legislature is able to exercise tight control over education policy, the GA has given the SBE broad responsibility to oversee and manage Ohio's educational system. SBE's legal role is largely administrative and advisory. The primary statute setting forth SBE's role is Ohio Revised Code (ORC) section 3301.07.

ORC 3301.07 reads, in part, "The state board of education shall exercise, under the acts of the General Assembly, general supervision of the system of public education in the state. In addition to the powers otherwise imposed on the state board under the provision of law, the board shall have the following powers:

(A) Exercise policy forming, planning, and evaluative functions for the public schools of the state, and for adult education . . .

(B) Exercise leadership in the improvement of public education in this state, and administer the educational policies of this state relating to public schools, and relating to instruction and instructional material, building and equipment, transportation of pupils, administrative responsibilities of school officials and personnel, and finance and organization of school districts, educational service centers, and territory . . .

(C) Administer and supervise the allocation and distribution of all state and Federal funds for public school education and under the provisions of law . . .

(D) Formulate and prescribe minimum standards to be applied to all elementary and secondary schools in this state for the purpose of requiring a general education of high quality . . .

(F) Prepare and submit annually to the governor and the General Assembly a report on the status, needs, and major problems of the public schools of the state, with recommendations for necessary legislative action . . .

(G) Prepare and submit to the director of budget and management the biennial budgetary requests of the state board of education, for its agencies and for the public schools of the state;

(J) . . . adopt procedures, standards, and guidelines for the education of handicapped children . . . "

F3.19 ORC section 3301.13 describes the primary duties, powers, and organization of ODE. The statute states:

“The department of education hereby created, shall be the administrative unit and organization through which the policies, directives, and powers of the state board of education and the duties of the superintendent of public instruction are administered by such superintendent as executive officer of the board.

The department of education shall consist of the state board of education, the superintendent of public instruction, and a staff of such professional, clerical, and other employees as may be necessary to perform the duties and to exercise the required functions of the department.

The department of education shall be organized as provided by law or by order of the state board of education. The superintendent of public instruction shall be the chief administrative officer of such department, and, subject to board policies, rules, and regulations, shall exercise general supervision of the department.

The department of education shall be subject to all provisions of law pertaining to departments, offices, or institutions . . . The superintendent of public instruction shall recommend, for approval by the board, the organization of the department of education, and the assignment of the work within such department.”

Title 33 of the Ohio Revised Code sets forth numerous statutory requirements for education in Ohio. A number of the sections in Title 33 set forth laws that pertain to ODE. **Appendix 3A** contains tables summarizing the requirements placed upon SBE, the SPI and ODE by ORC Title 33.

- F3.20 In addition to the requirements set forth in ORC Title 33, ODE also must follow certain operating requirements that apply to state agencies. Numerous requirements of state agencies can be found throughout the Revised and Administrative codes. The majority of these requirements can be found in ORC Title 1 and the OAC as follows:

ORC Chapter 123: Gives the Department of Administrative Services (DAS) authority to make such rules and regulations for the improvement, maintenance, and operation of the public works of the state. Specific DAS regulations regarding public works that impact ODE can be found in OAC Chapter 123:4.

ORC Chapter 124: Sets forth civil service and personnel requirements state agencies must follow regarding issues such as employee compensation and leave. Specific personnel rules agencies must follow can be found in OAC 123:1 and 7 and OAC 124.

ORC Chapter 125: Establishes requirements agencies must follow when purchasing goods and services. For example, ORC section 125.05 requires agencies to purchase services costing more than \$50,000 by competitive selection. Division (E) of ORC 125 requires ODE

to purchase software services or supplies for specified school districts if it can purchase the software at a price less than the price for which the districts could purchase the same software services or supplies for themselves. Additional purchasing requirements are contained in OAC 123:5

ORC Chapter 126: Sets forth requirements for the processing of financial transactions by state agencies. For example, ORC 126.07 states, “No contract, agreement, or obligation involving the expenditure of money chargeable to an appropriation . . . shall be valid and enforceable unless the director of budget and management first certifies that there is a balance in the appropriation not already obligated to pay an existing obligation.” OAC 126 includes regulations relevant to ORC 126, including requirements for travel reimbursement for state employees and when agencies must go to the Controlling Board.

ORC Chapter 149: ORC 149.333 and 149.34 establish general requirements for records’ retention by state agencies with OAC 149 providing more specific regulations.

Federal Requirements for which ODE is Responsible

F3.21 The Ohio Department of Education (ODE) administers more than 60 Federal programs involving education, children, families, and workforce training. Depending on the program, ODE may spend these Federal funds, award them to local education agencies (LEA’s) via a competitive grant process, or distribute the funds based upon Federal and state mandated formulas.

Table 3-1 presents a list of programs (not necessarily a comprehensive list) that ODE currently, or potentially, administers, and for which it must comply with Federal requirements¹. This listing of programs was developed from various program and budget listings provided by ODE, the state government book published by OBM, the Catalog of Budget Line Items published by the Ohio Legislative Budget Office and by searching the Catalog of Federal Domestic Assistance (CFDA) web site for programs described to be administered by state education agencies.

¹AOS could not determine a precise and comprehensive list of programs because ODE has not completed an accurate program inventory. ODE has identified every budget line item, but has not identified which line items are programs as defined by GAO. This issue is presented in more detail in F9.2 of **Program Assessment**.

Table 3-1: Federal Programs Administered by ODE

Program	CFDA Number	Regulations and Guidelines
Acquired Immunodeficiency Syndrome Activity	93.118	45 CFR 74; PHS Grants Policy Statement, DHHS Publication No. (OASH) 94-50,000, (Rev.) April 1, 1994; Guidelines established by CDC for AIDS cooperative agreements
Adult Education - National Leadership Activities	84.191	34 CFR 75.730-75.734 and 460
Adult Education - State Grant	84.002	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, and 86
Advanced Placement Incentive Program	84.330	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Appalachian Area Development	23.002	"The Appalachian Regional Commission Code" (limited distribution); "Appalachian Regional Commission Project Guidelines" (limited distribution); applicable State Appalachian Plans and Guidelines
Appalachian Regional Development	23.001	"The Appalachian Regional Commission Code" (limited distribution); "Appalachian Regional Commission Project Guidelines" (limited distribution); A Report to Congress from the Appalachian Governors; applicable State Appalachian Plans and Guidelines
Assistive Technology	84.224	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Bilingual Education - Comprehensive School Grants	84.290	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Bilingual Education - Program Enhancement Grants	84.289	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Bilingual Education Support Services	84.194	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Bilingual Education - Systemwide Improvement Grants	84.291	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Byrd Honors Scholarships	84.185	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 654
Capital Expenses	84.216	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 200
Charter Schools	84.282	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Child and Adult Care Food	10.558	7 CFR 226
Child Care and Development Block Grant	93.575	These funds are subject to the Child Care and Development Fund Final Rule, issued July 24, 1998
Child Support Enforcement Research	93.564	Department of Health and Human Services publication "Grants Administration Policies"
Civil Rights Training, and Advisory Services	84.004	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, 270, 271, and 272
Class Size Reduction	84.340	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86

Program	CFDA Number	Regulations and Guidelines
Comprehensive School Reform Demonstration	84.332	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, and 86
Education and Human Resources	47.076	45 CFR Chapter 602; 48 CFR 2500; "NSF Guide to Programs, FY 2001," National Science Foundation 01-3
Education for Homeless Children and Youth	84.196	34 CFR 74, 76, 77, 79, 80, 81, 82, 85 and 86
Eisenhower Professional Development - Federal Activities	84.168	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Eisenhower Professional Development - State Grants	84.281	34 CFR Part 74, 76, 77, 79, 80, 81, 82, 85, and 86
Eisenhower Regional Mathematics and Science Education Consortia	84.319	34 CFR 74, 75, 77, 79, 80, 81, 82, 85, and 86
Even Start - Statewide Family Literacy Program	84.314	34 CFR Part 74, 75, 77, 79, 80, 81, 82, 85, and 86
Even Start - State Educational Agencies	84.213	34 CFR 74, 76 (except 76.600-76.677), 77, 79, 80, 81, 82, 85, and 86
Food Distribution	10.550	7 CFR 240, 250, 251, 253, and 254
Foreign Language Assistance	84.293	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Fund for the Improvement of Education	84.215	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Goals 2000 - State and Local Education Improvement Grants	84.276	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, and 86
Head Start	93.600	45 CFR 1301 - 1308
Immigrant Education	84.162	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, 86, and 581
Innovative Education Program Strategies	84.298	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, 86, and 581
Javits Gifted and Talented Students Education Grant	84.206	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Job Training Partnership Act	17.250	20 CFR 626-631, Federal Register of September 2, 1994
Learn and Serve America - School and Community Based	94.004	45 CFR 2515-2519
Migrant Education - High School Equivalency Program	84.141	34 CFR 74, 75, 77, 79, 82, 85, 86, and 206
Migrant Education -Basic State Grant Program	84.011	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 200
National School Lunch	10.555	7 CFR 210, 245
Nutrition Education and Training	10.564	7 CFR 227

Program	CFDA Number	Regulations and Guidelines
Occupational and Employment Information State Grants	84.346	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, and 86
Reading Excellence	84.338	34 CFR 74, 75 (except 75-200 - 75-222), 76, 77, 79, 80, 81, 82, 85, and 86.
Refugee and Entrant Assistance - State Administered	93.566	45 CFR 400 Subpart E and Subpart G
Safe and Drug-Free Schools and Communities - State Grants	84.186	34 CFR 76, 77, 79, 80, 81, 82, 85, 98, and 99
School Breakfast	10.553	7 CFR and 7 CFR
Special Education - Grants for Infants and Families with Disabilities	84.181	34 CFR 74, 77, 79, 80, 81, 82, 85, 98, and 99
Special Education - Grants to States	84.027	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 300
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Special Education - Preschool Grants	84.173	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, 300, and 301
Special Education - State Improvement Grants for Children	84.323	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Special Milk Program for Children	10.556	7 CFR 215, 245
State Administrative Expenses for Child Nutrition	10.560	7 CFR Part 235
State and Community and Highway Safety	20.600	23 CFR 1200; Manual on Uniform Traffic Control Devices; Handbook of Highway Safety Design and Operating Practice
Summer Food Service for Children	10.559	7 CFR 225
Teacher Quality Enhancement Grants	84.336	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86
Team Nutrition Grants	10.574	7 CFR 3016, 3017, 3018
Technology Literacy Challenge Fund Grants	84.318	34 CFR 76, 77, 79, 80, 81, 82, 85, and 86
Tech-Prep Education	84.243	34 CFR 74, 76, 77, 79, 80, 81, 82, 85, 86, 400, and 406; DOE Office of Civil Rights (OCR) guidelines for vocational education
Title I - Accountability Grants	84.348	34 CFR 74, 75, 77, 78, 79, 80, 81, 82, 85, and 86; "Guidance on the \$134 Million fiscal year 2000 Appropriation for School Improvement" in February 2000
Title I - Grants to Local Educational Agencies	84.010	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 200

Program	CFDA Number	Regulations and Guidelines
Title I - Neglected and Delinquent Children	84.013	34 CFR 74, 77, 79, 80, 81, 82, 85, 86, and 203
Veterans Training Programs	Various	ODE is responsible for is responsible for approving and supervising educational and job training programs for which benefits are paid to veterans and other eligible persons under Chapter 30, 32, and 35 of Title 38 U.S. Code and Chapter 1606 of Title 10, U.S. Code
Vocational Education - Basic Grants to States	84.048	34 CFR 74, 76 (except 76.103), 77, 79, 80, 81, 82, 85, 86, 400 and 403; OCR Guidelines for Vocational Education

Source: CFDA and various ODE and state budget documents.

Table 3-1 shows over 64 Federal programs, along with the CFDA number used to uniquely identify the program and a list of agency regulation citations that ODE must comply with when administering the program. The CFDA number can be used to look up information about the program and program requirements in the CFDA (www.cfda.gov). Typically, the legal program requirements are set forth in the Code of Federal Regulations (CFR). Often agencies supplement CFR requirements by providing additional program guidance documents.

In most cases, LEA's implement the programs and ODE is charged with awarding and disbursing funds to the LEA's while providing oversight to ensure that Federal program requirements are met. Most of the programs presented in **Table 3-1** are overseen at the Federal level by DOE. Therefore, most of the Federal regulations ODE must follow for administering Federal programs can be found in Title 34 of the CFR.

F3.22 Each program has relatively specific requirements that ODE must follow whether it is actually using the funds or disbursing them to LEA's for their use. While the specific regulations for each program vary, all the regulations cover similar issues, including the following:

Pre-Award Requirements: Program purpose and eligibility criteria, application guidelines, and special award conditions, such as requiring additional reporting from entities that are not financially stable.

Post-Award Requirements: Allowable costs and the period in which funds can be used; management and disposition of property, supplies and equipment services acquired under the program; procurement of equipment, property, and supplies and contracting for services necessary for carrying out the program; financial and performance reporting; monitoring by the state or Federal government; auditing and record keeping; and suspension, termination, and Federal enforcement for noncompliance with program requirements.

Termination Requirements: Closeout procedures, funding adjustments and continuing responsibilities after the award period, and collection of any amounts due to the Federal government.

F3.23 Many programs do not have their own program-specific implementation requirements, but instead must meet the DOE's general administrative guidelines. These general requirements can also be found in DOE's Education Department General Administrative Regulations (EDGAR). EDGAR, which is a compilation of general DOE CFR requirements, includes Parts 74, 75 or 76 (depending upon whether the program is a formula or discretionary grant program), 77, 79, 80, 81, 82, 85, and 86 of the CFR. EDGAR specifies requirements on the same issues as program-specific guidelines, but in a slightly more general fashion, so that they are applicable to any program.

Because most of the programs administered by ODE are DOE programs, EDGAR requirements are the ones most commonly applicable to ODE Federal activities. CFR part 76, which is in EDGAR, outlines the requirements for state administered programs. Any programs not governed by other implementing language fall under this section. A summary of the key requirements from CFR part 76 in EDGAR are as follows:

- A State must identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, and name of Federal agency. States must also, advise subrecipients of requirements imposed on them under the award.
- A State or subgrantee must directly supervise the project and actively monitor for compliance with Federal requirements. (76.701)
- A State and subgrantee must use proper fiscal control and accounting procedures. (76.702) The financial management system used must provide for adequate financial reporting, maintenance of program records, adequate internal control, budget control, appropriate allocation of costs, source documentation for accounting records, and effective cash management. (80.20)
- A State shall submit an annual performance report that evaluates progress in achieving objectives, effectiveness of the project in meeting program purposes, and the effect on program participants, as well as, submit to reviews by DOE. (76.720, 80.40)
- A State and subgrantee must keep records that show the amount of funds under the grant, how the funds were used, the total cost of a project, the share of the cost from other sources, and other records to facilitate an effective audit. (76.730) A state must

also ensure that subrecipients expending \$300,000 or more in Federal awards per year meet single audit requirements and ensure that the subrecipient takes appropriate and timely corrective action identified in single audits.

- State and subgrantee must keep records to show compliance with program requirements. (76.731)
- Each state shall have procedures for reviewing and approving applications for subgrants and amendments to those applications, for providing technical assistance, for evaluating projects, and for performing other administrative responsibilities the state has determined are necessary for legal compliance. (76.770)

F3.24 In addition to following program requirements, ODE must follow, or ensure that subgrantees follow, other Federal guidelines regarding nondiscrimination, and Federal Office of Management and Budget (OMB) audit, monitoring, financial, and other management requirements as detailed in various OMB circulars. The circulars ODE must follow, and ensure that its subgrantees comply with, include the following:

- **A-21, A-87, and A-122** - These circulars establish principles and standards for determining costs for Federal awards. A-21 sets forth such requirements for educational institutions, while A-87 does so for state and local government entities, and A-122 for nonprofit organizations.
- **A-102, A-110** - Circular A-102, details standard forms, financial accounting and reporting practices, procurement procedures, and cash management practices for Federal grantees. A-110 details similar requirements for institutions of higher education, hospitals, and other nonprofit organizations.
- **A-133** - Requires non-Federal entities that expend \$300,000 or more in a year in Federal awards to have a single or a program-specific audit conducted for that year. In general, non-Federal entities that expend less than \$300,000 a year in Federal awards are exempt from Federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the Federal agency, passthrough entity, and General Accounting Office (GAO). In cases of continued inability or unwillingness to have an audit conducted, Federal agencies and passthrough entities must take appropriate action using sanctions such as:
 - Withholding a percentage of Federal awards until the audit is completed satisfactorily;
 - Withholding or disallowing overhead costs;
 - Suspending Federal awards until the audit is conducted; or
 - Terminating the Federal award.

ODE Compliance with State and Federal Requirements

Overview of General Compliance Issues

F3.25 AOS single audits and ODE internal audits consistently show inadequate compliance monitoring of recipients receiving funds for state and Federal programs administered by ODE. Audits of Federal and state vocational programs, special education grants, Federal child nutrition programs, Safe and Drug Free Schools Program, Eisenhower Math and Science Program, and the state's Entry Year program, all have identified compliance monitoring problems.

In some cases, offices have almost no procedures in place for monitoring program compliance and in other cases, procedures are in place, but are not followed or no enforcement action is taken when recipients fail to submit required documentation. The audits suggest much of the monitoring is no more than a passive review of final expenditure or other reports, particularly in state programs. Some ODE offices undertake more active monitoring steps by performing regular on-site visits to check for compliance with state or Federal requirements.

The Director of the Internal Audit (IA) Department agreed that compliance monitoring across the agency is inconsistent, with some offices doing a good job and others not having proper procedures in place for adequate monitoring. The Director identified under staffing, an emphasis on technical assistance, and lack of knowledge as to changes in certain federal requirements that require ODE to do more monitoring, as possible causes for the monitoring problems identified in various audit reports.

Audits of ODE suggest a failure to consistently establish and follow systematic procedures for ensuring staff compliance with state and Federal requirements. Audits often showed inadequate documentation of procedures and record keeping for demonstrating compliance. Some audits showed a failure to follow state and Federal requirements. For example, an internal audit of personal contracts pointed out failures to comply with state contracting and purchasing requirements and also ODE contracting policies.

F3.26 The Director of the Internal Audit Department said ODE is addressing monitoring and compliance issues by offering in-service training, performing audits to identify problems and correct them, and by distributing educational materials such as internal audit bulletins and compliance checklists.

R3.5 ODE should implement recommendations made in the **Grants Management** subsection of the **Financial Operations** section and the **Monitoring and Oversight** section of this report. Implementing these recommendations should improve compliance with Federal and state

requirements and provide more effective, centralized oversight for identifying and correcting many compliance problems, and would improve the ability of the Internal Audit Department to perform its function.

R3.6 The SPI should require each office to develop comprehensive plans for monitoring and assessing compliance with Federal and state requirements. To accomplish this, each Office should begin by developing a listing of the programs it administers and the CFR, ORC, OAC and other relevant requirements. Each office should develop written procedures for complying with the requirements and for monitoring any subrecipients for compliance. Each Office should also develop guidelines, forms, and checklists to document compliance and facilitate staff ability to address compliance issues and procedures. The IA department should be in charge of coordinating and overseeing this process and for providing assistance to Offices.

Systematically identifying relevant requirements and developing policies and procedures for compliance should improve ODE's ability to administer, manage, and oversee its many state and Federal programs. Effective compliance policies and procedures should enhance ODE's ability to understand how subrecipients are implementing programs, so that ODE staff can better provide technical assistance, identify and correct problems, and identify and share effective practices. Also, written policies, procedures, and guidance documents can better enable ODE to train new staff.

Developing and implementing effective compliance and monitoring policies and procedures will better enable ODE to document its effectiveness to Federal oversight agencies and members of the GA, which is important for demonstrating competence and credibility to legislators and improving ODE's image with the Legislature.

At a minimum, the publication *Techniques for Monitoring Federal Subawards* suggests that formal compliance and monitoring policies and procedures developed by each office should address the following:

Federal/State Requirements: Identify relevant state and Federal requirements from state and Federal law, administrative regulations, grant agreements, etc.

Levels of Responsibility: Identify the roles and levels of responsibility for program staff, supervisors, fiscal contact staff, and field consultants in meeting different requirements.

Subgrant Award Procedures: Outline procedures for awarding funds, including addressing special situations such as when additional funding becomes available. Create any forms, documents, or checklists necessary for documenting compliance with procedures.

Subrecipient Monitoring Procedures: Outline procedures for monitoring and create any forms, documents, or checklists necessary for documenting compliance with procedures. Effective procedures should include plans for conducting field audits, desk reviews, and submission of quarterly expenditure reporting requirements by subrecipients. Procedures should also identify the monitoring efforts to be performed at the subrecipient level.

Effective subrecipient monitoring procedures should outline steps for making subrecipients aware of all program, fiscal, and reporting requirements and the consequences of noncompliance. These procedures also involve making subrecipients aware of single audit follow-up steps and expenditure of funds, carryover, refund, and cash request guidelines.

Guidance for developing effective subrecipient monitoring procedures can be found in *Techniques for Monitoring Federal Subawards* from Thompson Publishing (www.thompson.com).

Reporting and Documentation Procedures: Outline procedures for submitting any required reports and documenting award and monitoring procedures. Identify how any necessary data will be collected and maintained, when and how requests for exceptions to established procedures will be authorized and documented, and responsibility for updating policies and procedures.

Communication Procedures: Identify steps for coordinating and communicating with subrecipients and other ODE offices, such as grants management, the department of accounts, and the internal audit department.

Compliance of Selected Programs with State and Federal Regulations

Comprehensive School Demonstration Reform

F3.27 The Comprehensive School Reform Demonstration (CSRD) program is a federal program that provides financial incentives for schools that need to substantially improve student achievement, particularly Title I schools. CSRD funding is supposed to support comprehensive school reform programs that are based on reliable research and effective practices, and include an emphasis on basic academics and parental involvement. CSRD is intended to promote school-wide change that covers all aspects of school operation, rather than a piecemeal approach to reform. Ultimately, the program is meant to enable low-achieving children to meet challenging content and performance standards.

To be considered comprehensive, federal guidelines require that the proposed reform integrate nine specific components including:

1. Effective research-based methods and strategies
2. Comprehensive design
3. Professional development
4. Measurable goals and benchmarks
5. Support within school
6. Parental and community involvement
7. External technical support and assistance
8. Evaluation strategies
9. Coordination of resources

F3.28 In 2001, ODE awarded 50 schools CSRD awards totaling \$3.8 million. Grants were awarded via a competitive application process, which attracted 338 applications. Applicants were supposed to address in the application how their proposed reforms met the nine criteria listed **F3.27**. In addition, ODE considered the academic need of applicants, capacity for successful implementation of a reform program, and the quality of each district's continuous improvement plan (CIP).

Applications were read by at least three independent reviewers, who are typically educators in Ohio's local schools. The reviewers' scores were used to determine one composite score for each application. Applications were then rank ordered based upon the composite score. Applications that met a certain minimum score were then ranked again with a preference weighting for poor performing districts as measured by the number of state performance standards met.

F3.29 ODE gives each school district a “grade” or rating each year based upon its academic performance. The report cards include a performance accountability ranking based on 27 minimum performance standards set by the Ohio General Assembly. A district is assigned one of four ratings: Effective (26 or more standards met), Continuous Improvement (14-25 standards met), Academic Watch (9-13 standards met) or Academic Emergency (8 or fewer standards met).

Fifty-seven percent of the schools awarded CSRSD grants were located in districts rated as Academic Emergency while 16 percent were rated Academic Watch and 27 percent Continuous Improvement. Also, six of the districts awarded CSRSD funding in 2001 rated as Continuous Improvement districts with two schools meeting more than 20 standards. By comparison, statewide nearly 6 percent of districts are rated as Academic Emergency, nearly 19 percent were Academic Watch, over 71 percent were Continuous Improvement, and almost 5 percent were rated Effective.

Although CSRSD is a building level grant program, these data suggest that too much of CSRSD funding may be going to relatively well performing districts, as more than 25 percent of the funding is going to districts rated as Continuous Improvement, which have students that are generally performing at or above the state average in almost all of the sections on state proficiency tests. Conversely, the percent of districts receiving funding that are in districts in Academic Watch is below the state average, which could be considered somewhat out-of-line with the intent of the program considering that districts in Academic Watch and Emergency are poor performers that generally have a greater need to implement reforms.

F3.30 A review of ten applications, including five successful grant applicants, and discussions with program personnel indicate several common problems with many successful grant applications that would likely affect the subsequent implementation of those grant proposals. The budget justification for programs is inadequate, with schools often providing only a one page budget summary of spending by general object codes, such as personnel. Also, too many of the successful grant applications include unrealistic, vague, or rather modest goals for improvement; provide too little supporting information on the proven effectiveness of the selected model, or do not provide adequately for evaluating the plan and model.

For example, one application reports that the school’s strategic goals for the current year are to improve proficiency test scores by 50% on every section of the test, but offer as “Key elements in the success of our proposed CSRSD Comprehensive Improvement Plan...a reduction in the number of office referrals, a decrease in time-off-task, and improved student achievement.” While the school’s current year goals seem unrealistic, one would expect the district to offer similar specificity and gains for student achievement after the reform model is implemented. This school also offers only anecdotal evidence for the efficacy of its reform

model, with most of the evidence only suggesting improvements in student behavior, not improvements in academic achievement.

Another application describes a reading based improvement model. The application states that the passage rate on the writing portion of the OPT will increase by more than 20 percent to the state minimum 75 percent passage rate, but offers no goal for improvement on the reading portion of the test. The application only states that “This partnership will allow staff to improve reading and writing instruction in all content areas....This will affect [sic] improvement in the other areas of the OPT [Ohio Proficiency Test], math, science, and social studies.... Every year [school name] wishes to improve 2.5 percentage points in each tested area of the OPT.” No explanation is offered as to why reading training will lead to “continual improvement” in all areas of the OPT. While improved reading and writing skills should lead to some improvement on math, science, and social studies sections, presumably continued improvement can only be obtained by also improving student content knowledge in these areas. Also, no explanation is offered as to why and how the school expects a 2.5 percent gain on every section of the OPT nor why a reading-based improvement model would not result in higher gains on the reading section in comparison to the other sections. Also, both the 2.5 percent and 75 percent passage goals seem arbitrary without further explanation of the reasoning behind them.

Also, the ODE CSRD application calls for schools to describe an evaluation plan that explains how the school will track various aspects of implementation and evaluate the model used. Most applications do not contain any detailed information on these aspects of the evaluation plan.

The result of these application deficiencies can be poorly implemented programs or inadequate evaluation and sharing of effective programs. Ohio’s current application process also could award CSRD funds for reform programs that look good in a 25 page application, but may not in reality be effective in practice. Although, according to a June 2001 external evaluation report from an Ohio State University professor, “...the administrators at ODE went to great lengths to ensure a fair and rigorous review process for each [CSR] application.”

- F3.31 ODE is considering revising its CSR application process and is examining how the states of Illinois, North Carolina, and Oregon manage their CSR programs to identify best practices. The Illinois and North Carolina experiences demonstrate the importance of comprehensive state technical assistance for school districts. Extensive technical assistance is particularly important in the planning phase for comprehensive school reform, as the model selected is critical to success and a useful evaluation of the program requires a detailed plan for collecting and maintaining data throughout implementation.

Oregon offers an alternative model for awarding CSRSD grants. Oregon's process has two phases. In phase one, applicants provide information only on the district needs and capacity to implement a reform program. Based upon the needs and capacity assessment, the state selects the districts that will receive CSRSD funding. Once these decisions are made, phase two begins. In phase two, the state works with districts identified as having the most need for reform to select, implement, and evaluate a reform model. During phase two, districts receive extensive technical assistance in developing and implementing a proven reform model that most effectively meets the needs identified in phase one. Oregon's application process ensures that the neediest districts get CSRSD funding.

Also, the second phase of the process provides districts with necessary state assistance for developing a reform plan, while allowing the state to provide more effective input and oversight to ensure that districts are effectively identifying and implementing proven models with thorough evaluation processes in place, so that best practices and effective programs can be identified and replicated in other school districts. The school district CSRSD reporting currently required by ODE does not adequately facilitate the identification of best practices or ODE's ability to assist other districts with implementing effective reform models.

R3.7 ODE should consider adopting an application process similar to that followed by the state of Oregon. Adopting Oregon's application framework should allow ODE to more effectively target CSRSD funds to Ohio districts most in need that can demonstrate the capacity to reform. This change should result in funding more in line with the federal goals for the program. Following the Oregon model would also better accomplish ODE goals in the Office of Regional School Improvement to improve student achievement in poor performing districts.

Following the Oregon model could also facilitate more effective selection, implementation, and evaluation of model programs, as ODE would be more involved in working with districts to develop programs and ensure effective models and evaluation systems are put in place. Also, ODE could provide more effective monitoring of the plan development and better assess the reasonableness of the funding districts request to implement their CSRSD plans. Lastly, the better understanding ODE personnel have about the details of how a particular reform model was planned and implemented, the better they will be able to assist other districts with implementing reform models identified as effective in other Ohio schools.

ODE could also look to the SIR process described in the **Special Education** subsection of this section for how to implement an effective process for requiring districts to perform self-assessments and then use ODE staff to review the assessment and work with district personnel to develop a plan for improvement.

If ODE does not implement this recommendation it should at least make changes to ensure that schools are not awarded grants unless their application addresses all application requirements in an adequately detailed fashion. Perhaps, this would require an initial round of evaluation of the applications and then returning promising, yet inadequate applications, to schools to address ODE and reviewer comments with additional information.

Title I Assessment System

F3.32 In January 2001, ODE was cited by the Federal Department of Education (DOE) for failure to meet final Title I assessment system requirements for Ohio's statewide testing system. Deficiencies cited include a failure to have a standards-based test administered to all students at some time between grades 10 and 12 that tests knowledge at least at the tenth grade level; a need to revise Ohio law, policies, and procedures so that the statewide assessment includes all students, even those with learning disabilities and limited English proficiency; and to provide for reporting testing scores broken out by gender, ethnicity, disability status etc. Ohio was required to submit a plan to address the deficiencies identified by DOE.

ODE has submitted the required plan to DOE and the plan has been approved. ODE has until 2004 to implement the plan and meet federal assessment requirements. ODE's plan includes numerous milestone dates when it will send test development information and other data to DOE to demonstrate its compliance with the plan. ODE also plans to seek regular feedback from DOE to ensure that the assessments being developed will meet federal requirements.

It appears that ODE will be able to meet the implementation deadline, particularly since the Ohio law changes that are required to meet the federal mandate have been incorporated in SB 1 of the 124th General Assembly, which was enacted into law and becomes effective on September 11, 2001. Ohio must successfully implement the assessment system plan to meet key Title I federal requirements and avoid losing Title I funding.

F3.33 Based upon the standards developed to date and the plan proposed by ODE, it appears that the new assessment system should be an improvement, in several respects, over the current proficiency test system. First, the academic standards tested are being developed and then the assessment or test will be developed around the standards. Therefore, the test and the standards should be better aligned. This was not done with the proficiency test.

Second, the new test should offer a better measure of how well students have mastered the academic content by identifying scores as either advanced, proficient, basic and below basic. Finally, ODE will have more authority to ensure that all schools have curricula that address the requirements set forth in content standards. Currently, school districts have discretion as to whether or not to incorporate the model curriculum designed around the proficiency test.

R3.8 ODE should continue to implement the plan proposed to DOE and continue communicating with DOE throughout the process. Ohio could lose millions of dollars in Federal funding if it does not complete the plan in a time and manner approved by DOE. Also, implementing the proposed assessment system should better align standards, content, and testing in Ohio.

Family Partnership Awards Program

F3.34 ORC 3301.134 permits ODE to issue up to \$100,000 of awards, in accordance with appropriations made by the Ohio General Assembly, to fifty public schools that ODE determines have implemented exemplary programs which have enhanced parental involvement in schools. ODE is charged with developing criteria to identify exemplary programs. ODE must publicize to every school district a description of each of the parental involvement programs that received an award. ODE gave equal awards of \$2,857 to 35 programs in FY 2000 and awards of \$3,448 to 29 programs in FY 2001.

F3.35 To meet the requirements of ORC 3301.134, ODE sends out nomination forms, which describe the award criteria, to all school districts. According to the nomination form, nominations are evaluated on how well they describe program purpose and beneficiaries; demonstrate an innovative approach based upon research or theory; identify the key partners involved in the program; explain how the program aligns with district priorities and parental involvement policy; describe the strategies used to overcome barriers to reaching parents and families; and demonstrate the results of the program.

F3.36 Nominations are rated, on a scale ranging from zero (not evident) to three (high), on 25 criteria. The scoring guide generally follows the criteria described in the nomination form. However, nominations are scored on two criteria not identified on the nomination form including whether or not local report card data are used in designing the program and if the program includes strategies for engaging hard-to-reach families.

A nomination receives an additional five points, on five of the 25 criteria, if it is awarded a score of three on those criteria. These additional or bonus points can be awarded to nominations that receive a high rating on innovation, alignment with district continuous improvement plan, design considered local report card data, program responsiveness to cultures of family and community, and evidence of increased student achievement.

F3.37 Overall, the scoring criteria seem to be in agreement with the legislative intent set forth in the revised code and appropriation language. Also, the criteria that can receive additional weighting in the scoring process appear designed to promote the legislative intent and other state and ODE policies or goals. However, ODE does seem to have expanded the program criteria in one key aspect perhaps not intended by the legislature.

The criteria reward programs that go beyond mere parental involvement and into involving the entire community. Nine criteria award points if a program: has a broad base of interests, including citizens, faith communities, higher education, business, labor organizations, and community organizations; unites the local community in sharing responsibility for educating children; and responds to cultures of the community.

These award criteria appear to have expanded the purpose of the program beyond the parental involvement focus the law expressly states. The result is that many winning programs are really community involvement programs that may or may not involve many parents or where parental involvement is incidental to the program. While community involvement programs may be laudable, the funding seems clearly intended for parental involvement programs (which by definition should focus primarily on involving parents in their child's education) and are demonstrated to have a strong link to student achievement, which is a primary goal of ODE and the legislature. The award program as currently implemented seems to have lost the focus on rewarding programs that directly promote the parent and child interaction intended by the law.

R3.9 ODE should describe all criteria used in the scoring sheets on the nomination form, so that all nominators have a chance to explain how a particular program meets the scoring criteria. Programs cannot be fairly judged and compared if nominators are not aware of all the criteria used to evaluate the nominations.

R3.10 ODE should consider altering the rating criteria for the Family Partnerships Award to emphasize a focus on parental involvement specifically. This could be accomplished in various ways. For example, ODE could eliminate or modify criteria that require community involvement, particularly the criteria that award points for involvement of people and entities outside the school or family. ODE could also award additional points for criteria that address the parental involvement focus, such as criteria 19 (consistency with the school board's parental involvement policy), 22 (includes strategies intended to engage hard-to-reach families), and 7 (parents as a key partner). Another option could be to condense criteria ten through fifteen into one or two criteria, so as to diminish the percent of the total score received based on community involvement.

Serving Students with Disabilities

F3.38 ORC section 3317.15 requires each school district to provide ODE with documentation demonstrating that the district employs the appropriate number of personnel to serve its handicapped students, typically referred to as students with disabilities (SWD), as required by federal, state, and ODE requirements. Both the federal and state governments put a priority on ensuring quality education for SWD. The section also requires ODE to audit a sample of school districts each year to ensure that the number of SWD is being accurately

reported. Accurate reporting on the number of SWD is critical for calculating basic state funding amounts.

- F3.39 ODE's primary efforts for ensuring compliance with state and federal special education requirements involve various types of on-site reviews and investigations of complaints that are conducted by the Office for Exceptional Children (OEC). The most comprehensive review performed by ODE is called the school improvement review (SIR). The SIR requires a district to complete a self-assessment report developed by ODE. To complete the self-assessment, a district must collect data, answer questions, and seek input from staff and stakeholders on eight major areas including early identification, individualized education planning and use of regular curriculum, teaching SWD with non-disabled students, accountability, parental involvement, comprehensive approaches, focus on teaching, and effective professional development. These areas were selected based largely upon the federal requirements.

School districts typically receive at least two months to complete the self assessment, which requires a significant amount of data gathering and analysis. During the self-assessment process ODE personnel assigned to a district's SIR provide assistance to the district. After the self- assessment is completed, the district presents the report and findings to ODE staff who have reviewed the written report. ODE staff ask questions, review documents, and verify certain information in the report while on site at the district.

Based upon the report and the on-site review ODE makes an assessment as to whether a district is compliant or noncompliant in each of the eight areas. ODE works with districts to develop corrective action plans for areas of noncompliance and also suggests ways to improve in areas in which a district is compliant. A district must then provide evidence that it is taking the steps required by the corrective action plans. Often ODE will provide additional technical assistance to districts implementing corrective action.

ODE compares the SWD data verified during the SIR process with EMIS data to assess the accuracy of the EMIS data reported. ODE also uses the data from the year of the SIR review as baseline data for identifying sizable changes in SWD in years that a school has completed a SIR. Any notable changes would be investigated by ODE.

- F3.40 Three districts were contacted for their assessment of the SIR process. All three districts reported that the SIR process was a "good experience" that was beneficial in helping them to better comply with state and federal regulations. Also, districts reported that going through the SIR improved the education and services their districts provide to students with disabilities. District personnel said that collecting the necessary data for the report was helpful, though time consuming. Data requirements are extensive, but do seem to provide useful indicators for the various areas reviewed.

All three districts reported that ODE staff were helpful during the process, providing useful technical assistance and feedback. Districts indicated that ODE acted in a collaborative manner, working with the districts to help them improve by offering constructive criticism and ideas for how to address weaknesses. All districts reported receiving timely feedback, follow-up, and support with corrective action plans, after the on-site review. One district contrasted ODE's timely and helpful review to a recent federal review that was much less constructive and for which the district did not receive a report for two years.

- F3.41 The main criticism of the SIR was that ODE should provide a more efficient and uniform way for districts to collect the data required. Suggestions for accomplishing this included requiring the necessary data to be reported through EMIS, providing for on-line entry of the data, or providing case management software for all districts. District personnel thought this would reduce the time required to collect the data; provide for ongoing collection outside of the SIR process, and help ensure more uniformity between districts. ODE has put the SIR review form in a Word document format so that data can be typed directly into the form, but the form must still be printed and mailed.

One district also reported having only about four weeks to complete its self assessment, even though ODE guidelines state that a district will be given at least eight weeks to complete the assessment. Conversely, another district reported being allowed six months for the self-assessment. However, this district was much larger than the other two districts contacted.

- C3.3** The SIR process is an effective and helpful tool for identifying special education staffing adequacy and for improving compliance with special education requirements and enhancing special education services to SWD. The process is particularly strong in that it requires districts to complete a comprehensive and data driven assessment of their special education systems prior to the on-site assessment. Requiring the district to do much of the assessment work facilitates a better understanding among district personnel as to the strengths and weaknesses of its special education practices.

The completed assessment document also allows ODE staff to effectively target key areas for further examination or verification and limit the amount of staff time required to be spent in any district. All districts described the ODE staff overseeing the SIR as helpful and professional. Finally, OEC is commended for developing a review process that school districts agree is a collaborative and productive effort that results in improved compliance and services to SWD. The process should serve as a model for how ODE can monitor compliance while at the same time providing value-added services, such as technical assistance, in a targeted and effective fashion.

- R3.11** ODE should make submitting SIR data easier. One option ODE should consider is developing an online capability for submitting the SIR report required of districts. Electronic

submission would make the data collection and review process more efficient and would allow ODE to easily maintain the data in an electronic format that facilitates analysis of the data in a given year and over time. A web-based reporting system would allow ODE and schools both to have easy access to the data and would avoid any hardware compatibility issues.

An alternative option ODE should consider, is to require SIR data reporting as a part of EMIS data. This could provide for more uniform data collection and ongoing analysis by districts. Also, districts would then have the data to analyze their special education efforts each year, independent of the SIR process. This could also facilitate a shorter SIR evaluation time frame as schools would develop systems to regularly collect the data and have it readily accessible.

R3.12 ODE should ensure that it provides district an adequate amount of time to collect the required data, using its state guidelines as a minimum guideline for how long districts should have. Districts are required to conduct a comprehensive review of their special education programs and should be allowed adequate time to complete the data collection and analysis process.

R3.13 ODE should identify steps it can take to reduce the SIR cycle or to more systematically identify and audit schools that are high-risk (e.g., districts identified through EMIS, a previous SIR, an ADM audit by regional staff, etc., as having problems with their services or reporting on SWD) or poor performing in terms of test scores for SWD.

One option would be to reduce from seven years to five years the time it takes to review all school districts using the SIR process. Good audit practices suggest that reviews such as this should be done at least once every five years. However, this option could be quite costly as it would likely require up to five additional staff members.

A second option would be to develop and implement a method for more systematically identifying and tracking high risk and poor performing schools. Such schools could then be targeted for more frequent SIR reviews or supplemental SIR reviews and audits focusing on specific areas. The second option, while not as comprehensive, would provide a more cost-effective means for improving ODE's monitoring of services for SWD. Also, ongoing improvements to the SIR process and implementing **R3.11** and **R3.12** might allow the second option to be implemented within current staffing levels.

Inspecting Preschools and School Child Programs

F3.42 ORC 3301.57 requires ODE to inspect each preschool and school child program at least twice every 12 months. At least one of the inspections must be unannounced. ODE also must

investigate any complaints received stating that a preschool or school child program is not in compliance with ORC sections 3301.52 to 3301.59, which set forth safety and staffing requirements.

- F3.43 The Office of Early Childhood Education (ECE) is the ODE office responsible for ensuring compliance with the ORC preschool and school child program inspection requirements. To comply with the requirements ECE employs about 40 field reviewers and five certified program reviewers (CPR's) for inspecting nearly 2,100 program sites.

Field reviewers are trained to perform and actually conduct the site inspections. Typically, field reviewers have a background in child development or education. Field reviewers use an eight-page checklist to guide their inspections. The checklist requires reviewers to observe documentation showing that program sites are meeting requirements in 12 areas including program planning and activity materials, staffing requirements and credentials, child staffing ratios, emergency procedures and contact information, appropriate facility space and equipment, and other areas.

According to ECE, the average inspection length is about two and one half hours. However, there can be large variances in inspection times depending upon the experience of the field reviewer, the preparedness of the site, and particularly the size of the site, as each room must be inspected. Most sites have necessary papers in order, which facilitates an efficient review. The most common violation is that fire inspections are not up-to-date.

Field reviewers document each item on the checklist and complete a compliance worksheet that includes information about the site and its facility, along with key compliance areas and a space to list violations, concerns, comments, the start and end time for the inspection, and corrective action requirements. While field reviewers perform the actual inspections, CPR's are the employees that actually review all documentation and certify that a program has met licensing requirements. CPR's receive more extensive training than field reviewers on the state and federal regulations and have more experience or education in early childhood education. CPR's must also pass an examination.

Both field reviewers and CPR's receive ongoing training each year to improve their skills and share information regarding changes to relevant laws and inspection procedures. ECE training materials and policies and procedures are thorough and training materials identify clear goals and objectives for training. All staff also receive regular performance evaluations during which core personal development objectives are identified and strategies for meeting those objectives are developed.

- F3.44 ECE maintains a database with summary information on each program and can run reports listing each program, the assigned field representative, the date last inspected, and the date

the program's license expires. ECE also maintains files containing the original compliance worksheets for at least three years.

Fifteen randomly selected site files from each region were examined to see if documentation was complete and that inspections were being completed in compliance with the revised code requirement that sites be inspected twice every twelve months. All files contained documentation indicating compliance with the ORC specified time frame and showed evidence that at least one inspection was unannounced. Generally, all inspection forms were filled out completely and the information on the forms met the revised code requirements.

The notable exception to the overall completeness of the documentation was that 13 of the 15 files from the Central region had not been signed by the Certified Program Reviewer (CPR). The CPR signature demonstrates that the CPR has in fact reviewed the inspection report and supporting documentation. CPR oversight is critical to ensuring site compliance with all laws and regulations and for monitoring the quality of the reports submitted by field researchers.

C3.4 ECE has developed effective policies, procedures, and activities for ensuring that it can comply with state inspection requirements. In addition, ECE has a well-developed training and performance evaluation process for ensuring that staff are able to effectively carry out their responsibilities and develop their professional skills. ECE also maintains and tracks key data necessary to facilitate a compliant and effective inspection process.

R3.14 ECE management should ensure that CPR's sign the compliance worksheets to document proper CPR review and monitoring. Management may want to review the importance of reviewing and signing the compliance worksheets with CPR's and include a review of randomly selected files as a part of the regular CPR performance evaluation process.

F3.45 In addition to ensuring program compliance with state requirements, ECE is taking steps to assess the effectiveness of public preschool and school child programs, such as Head Start. To that end, ECE has developed a comprehensive performance measurement system for evaluating the operations and programs it oversees. The measurement includes specific measures for assessing achievement of student learning outcomes with baseline comparisons and improvement goals; ECE leadership and resource allocation from an internal and customer perspective; program indicators for attendance, turnover, and credentials compared to national averages; assessments of monitoring; and goals for staff development and technology. The performance assessment system is grounded in a logical theoretical framework that identifies the interrelationship between family, community and program inputs and outputs and their related impact on child outcomes.

ECE is collecting baseline data this year for its outcome measures and has set tentative goals for improvement on the selected student assessment instrument, which assesses children's skills in math, literacy, science, and social outcomes. The assessment instrument was selected and adapted to be in line with proficiency test areas, ODE's model curricula, and input from stakeholders and experts. Final improvement targets for preschool and public school programs will be set based upon baseline data collected this year. ECE maintains a database with data on each program and uses a regression modeling technique to determine program impact and targets for improvement.

According to ECE, it will begin next year to identify best practices and assess programs using the student measurement data. ECE will use the results to target technical assistance to poor performing programs and share best practices.

C3.5 ECE has developed an exemplary performance measurement system. The system has a well-developed theoretical model that recognizes the complexity of factors affecting child outcomes. The model includes a few targeted performance measures for various key aspects of ECE operation and various child and program outcomes that should enable ECE to effectively monitor the programs and identify when they are operating effectively and when changes are necessary due to poor performance.

R3.15 ODE should draw upon the ECE performance system and the experience of the staff involved in its development to help other Offices develop similar systems for evaluating their programs. The Office of Policy Research and Analysis (OPRA) also could use the ECE model when working to develop guidelines or provide assistance for program assessment at ODE (for more detail on program assessment at ODE and the role of the OPRA see the **Program Assessment** section).

Conclusion Statement

ODE is responsible for meeting a myriad, and ever-growing, number of state and Federal requirements set by the GA, the U.S. Congress, several Federal agencies, and the SBE. These requirements, and the control that the GA and Congress have over ODE spending, mean that ODE has minimal direct authority to set educational policy for the state or even to set priorities for much of its operations. ODE does have some broad discretion to implement programs in certain areas, such as curriculum, assessment, and professional development for teachers. Although even in those areas, the GA must approve funding for ODE's priorities.

In recent years the GA has removed responsibilities from the agency, created new entities separate from ODE to implement education initiatives, and has required certain OAC implementing regulations passed by SBE to be approved by a joint resolution of the GA before going into effect. The GA has taken these actions, in large part, because legislators have viewed the agency as unresponsive and unreliable in its implementation of important initiatives. ODE's image with the GA has limited its ability to influence education policy and to effectively set priorities within ODE.

A review of ODE's compliance with state and Federal requirements, suggests that the Department needs to make many substantive changes to its operations to become a more efficient, effective, and accountable organization. The evidence indicates that ODE has not consistently established and followed systematic procedures for ensuring staff compliance with state and Federal requirements. Audits often showed inadequate documentation of procedures and record keeping necessary for demonstrating compliance. Some audits showed a failure to follow state and Federal requirements. The audit also identified opportunities for improving both compliance and effectiveness in the CSRD and Family Partnership Awards programs and Title I assessment system.

However, the review also identifies some programs where ODE is performing compliance activities quite well. ODE has some model monitoring programs in the organization that effectively combine compliance monitoring with efforts to assess effectiveness and target technical assistance efforts in a productive and collaborative fashion. ODE should draw on these examples and the staff involved in them as resources for improving monitoring in other areas and programs.

In the past two years, ODE has taken steps under the new SPI to improve its relationship with the GA and to improve its internal operations. ODE has restructured its organization, adopted a strategic plan, and begun implementing Baldrige principles to become a more efficient and effective organization. Legislators' comments and actions, such as finally approving funding for an ODE management study, suggest that the Legislature's perception of ODE is beginning to improve. However, legislators' comments and recent actions, such as proposed legislation last session to remove the teacher certification function from ODE, suggest ODE still needs to make significant improvements over the coming years to dispel a negative image that has developed over a decade.

A critical step for improving ODE's image with the GA, and subsequently increasing its influence over education policy and priority setting, is to continue to improve the efficiency and effectiveness of its operations and its ability to demonstrate accountability and program results. This section, and the rest of this management audit, offer numerous suggestions that ODE could follow to improve its operational efficiency and effectiveness, including improving its service to the General Assembly. Implementing the recommended changes could result in an improved image with the GA, which is a necessary step to becoming more influential in setting education policy and priorities in a state where the GA has the ultimate decision-making authority.

Finally, ODE must clearly identify its strategic priorities and work to promote its priorities with General Assembly members and educational associations through the biennial budget and other legislation. Currently, ODE spends too much of its time reacting to the legislature and other stakeholders because it has not developed clear priorities nor effectively assessed whether its ongoing activities contribute to ODE priorities in proportion to their cost. ODE must be more proactive in prioritizing, evaluating and promoting, its educational policy goals if it is to increase its influence over educational policy setting in Ohio.

Appendix 3A

Tables 3.A1, 3.A2 and 3.A3 present a summary of each ORC section relating to ODE. **Table 3.A1** presents summaries of responsibilities specifically charged to the SBE. **Table 3.A2** identifies the ORC sections that specifically refer to the SPI and **Table 3.A3** shows sections applying to ODE in general.

Table 3.A1: Statutory Requirements of the State Board of Education

ORC Section	Summary of Section Requirement(s) for SBE
3301.07	Prescribe drivers education standards
3301.07	Administer and supervise distribution of funds & may require reports on management of funds from school districts
3301.07	Annually report to GA on education
3301.07	Set standards for financial reporting
3301.07	Prescribe minimum standards for education of high quality
3301.07	Submit biennial budget request for its agencies and public schools
3301.07	Cooperate with other government agencies involved in child health and welfare issues
3301.07	Require any necessary and desirable reports from schools
3301.07	Perform policy formulation for public school system
3301.07	Perform planning for public school system
3301.07	Exercise leadership in the improvement of education
3301.07	Set minimum phonics teaching standards and provide phonics training for teachers
3301.07	Create state plan for technology to encourage and promote use in education
3301.07	Require teaching of resource and energy conservation
3301.07	Encourage development of gifted programs in schools
3301.0710	Set proficiency test standards
3301.0712	Set minimum standards for, and approve, Educational Service Center (ESC) Board plans
3301.0714	Set rules for Educational Management Information System (EMIS)
3301.0715	Require Boards of Education to make competency-based program information available by July 31 each year
3301.0716	Create competency education models
3301.0717	Set state educational goals with timetables and report on progress
3301.072	Provide finance training for school officials
3301.0720	Develop teaching of science recommendations.
3301.0725	Set rules governing certificated personnel's participation in extended programming
3301.073	Provide technical assistance to schools
3301.074	Set standards for school district (SD) treasurer and management licensing
3301.075	Set rules for purchase and leasing of data processing by SDs
ORC	

Section	Summary of Section Requirement(s) for SBE
3301.076	Set block parent program rules
3301.079	Set maximum bilingual class size at 25
3301.12	Set rules for Superintendent of Public Instruction's (SPI) inspection and analysis of school expenditures
3301.14	Require an annual report from private schools
3301.15	May inspect state institutions employing teachers
3301.16	Classify and charter school districts and individual schools within each district; may revoke charters
3301.53	Issue minimum standards for preschool programs
3301.70	Coordinate and administer the National Community Service Act
3301.71	Take action against license holders after receiving child support default notice
3303.20	Administer, oversee, and distribute Federal money for vocational education
3311	Oversee ESC and joint vocational school district (JVSD) planning and activities and collect certificates of resources from ESCs and JVSDs; Oversee changes in SDs territory or boundaries and conduct consolidation studies as necessary
3313.481	Set rules for and monitor SD time schedules and minimum hours
3313.484	Reimburse schools for a portion of certain loan payments
3313.51	Set rules for adult high school education continuation programs
3313.534	Define a substandard graduation rate below which a SD must create an alternative school
3314.08	Set rules for reporting enrollment by SDs and community schools
3315.17	Adopt rules for GA required fund set-asides
3315.33	Set rules for and administer Ohio Teacher Trainees Scholarship
3317.07	Establish rules for distributing moneys for purchasing school buses
3317.11	Require ESCs to provide their budgets annually
3317.22	Set rules and administer loans from Vocational School Building Assistance Fund
3319.088	Adopt rules for issuing educational aid permits
3319.143	Collect SD assault leave rule policies
3319.15	Investigate potentially illegal resignations by teachers
3319.151	Investigate allegations of cheating on certain standardized tests
3319.20	Provide the prosecutor with form for reporting conviction of a licensed education professional
3319.22	Adopt, administer, and enforce licensing rules
3319.23	Set teacher preparation standards and inspect teacher preparation institutions
3319.231	Adopt rules for teaching of community service education
3319.232	Adopt competency standards for teaching braille
3319.26	Establish rules for alternative teacher licensure
3319.28	Create rules for internship certificate issuance and supervise and evaluate internship programs every three years.
3319.301	Create rules for issuing teaching permits to qualified non-licensed professionals
3319.31	Adopt rules regarding action legal or work action against licensed educators
ORC	

Section	Summary of Section Requirement(s) for SBE
3319.311	Investigate any information received that could result in legal action against a licensed educator
3319.33	Provide form and collect information about certain civil proceedings SDs are involved in
3319.35	May institute civil proceeding against SD treasurer or superintendent if they fail to file a required report (\$300 fine).
3319.51	Annually establish licenses fees that, along with any appropriations, cover costs of educator licensing
3319.55	Establish rules for National Board Certified Teacher Program
3321.04	Prescribe rules governing child absences from school
3321.07	Set minimum standards for non-public schools
3321.09	Approve part-time non-public school classes for those with age and schooling certificates
3323.02	Adopt standards, procedures, and guidelines for all education of handicapped children
3323.021	Develop working agreements with departments of MRDD and ODJFS for pursuing funding for services for disabled children
3323.03	Establish standards and procedures for identifying, locating and evaluating all handicapped children
3323.04	Establish procedures and standards for placement of handicapped children in education programs and least restrictive environment
3323.05	Establish notification and hearing procedures for reviewing handicapped children's Individualized Education Plans (IEP)
3323.08	Require SDs to submit special education plans for SBE approval
3325	Control and supervise schools for deaf and blind and choose superintendents for these schools from recommendations by SPI
3325.05	May appoint readers for certain blind students to attend college
3325.06	Establish a program to train parents of deaf children of preschool age
3325.07	As practical, carry out programs to help deaf children communicate. May charge a fee
3327	Set minimum transportation requirements
3327	Investigate complaints of SD illegally transporting non-resident students, provide centralized purchasing for buses and other equipment, and adopt standards for bus driver fitness
3331	Create age and school certificate forms and part-time schooling and vacation certificates.

Table 3.A2: State Law Requirements of the State Superintendent

ORC Section	Summary of Section Requirement(s) for SPI
3301.0722	Ensure no new form is instituted without review by education data management unit
3301.12	Submit an annual report to SBE on ODE activities and education in Ohio
3301.12	Supervise all agencies overseen by SBE
3301.12	Provide assistance and advice to all schools
3301.12	Require filing of necessary and standardized forms and use of accounting procedures essential to the businesslike operation of schools
3301.12	Conduct studies and research as necessary for the improvement of public education
3301.13	Keep charge of ODE and SBE documents
3313.03	Ensure that sub-redistricting is done as appropriate after the census
3313.483	Oversee SDs' fiscal situations and documents and report to AOS as appropriate
3313.643	Circulate eye safety materials to schools
3313.662	Adjudicate cases of permanent exclusion of a student
3313.975	Set, administer, and monitor rules for a voucher program in districts that have been under a court order
3316	Administer and oversee school fiscal watch and emergency provisions
3317.14	Collect SD pay schedules for teachers and ensure the state minimum pay schedule is enforced
3317.15	Collect, by October 15 each year, SD pay schedules for non-teaching staff
3317.623	Administer Lottery Profits Education Fund Loan Program
3319.161	Maintain list of referees to recommend for termination dispute resolution between employee and SD
3319.19	Arbitrate disputes between ESCs and counties over office space provision
3319.55	Administer National Board Certified Teacher grants program
3321.13	Prescribe forms for teachers and superintendents to fill out when a student withdraws from school
3323.01	Report annually to the Legislature on state special education efforts
3323.09	Approve county MR/DD special education program plans and submit a comprehensive statewide plan to SBE
3325	Approve with school superintendent placement of a student in one of the deaf or blind schools and to excuse students not making progress
3329	Maintain book law statements from publishing companies and investigate violations of book law. Deduct from an SD's foundation funding if it is determined that a district misspent state funds intended for texts
3331	Prescribe methods for filing records of age and schooling certificates
3332	Serve on Board of Proprietary School Registration

Table 3.A3: State Law Requirements of the ODE in General

ORC Section	Summary of Section Requirement(s) for ODE
3301.0726	Develop materials for teaching financial responsibility to students
3301.13	Administer policies and directives of SBE and SPI
3301.131	Encourage, seek out, and publicize school-business partnerships
3301.134	Make awards for parental involvement programs and maintain information on model programs
3301.18	Administer grants and provide assistance for desegregation plans and report cost to GA
3301.25	Distribute "Letters Home" and Vets dedication video to all schools
3301.27	Conduct research on school effectiveness and require testing, as necessary
3301.30	Encourage and coordinate migrant education efforts
3301.31	Administer and distribute additional Head Start money and oversee the program
3301.33	Distribute funds under Adult Education Act, according to SBE rules, and require performance reports
3301.57	Twice every 12 months, inspect preschool and school child programs and make a written report to school
3301.58	License preschool and school child programs
3301.58	License head start programs
3302	Calculate and report on performance standards. Require districts to develop a continuous improvement plan (CIP) if not deemed effective.
3313.65	Collect community service plans from SDs and publicize model programs
3313.843	Collect and maintain SD contracts with ESCs
3313.91	Review and approve private contracts for vocational education services
3313.94	Provide a multiracial category when collecting racial data
3313.981	Collect and maintain SD's student enrollment and transportation data
3314.021	Notify BOEs about community school proposals within the school district
3314.11	Institute an office of school options to assist community schools and voucher programs(s)
3314.20	Recommend rules to GA for having site-based management councils at certain schools
3317.01	Calculate state and local share for basic education and for handicapped education By August 31, provide an estimate to SDs, and submit a distribution plan for the upcoming year to CB at first meeting in July and revision in January.
3317.022	Calculate and distribute base cost funding
3317.09	Track and report all state and Federal money distributed to schools
3317.10	Collect reports from Department of Job and Family Services on number of Ohio Works First children in each SD
3317.15	Collect reports demonstrating appropriate staffing in SDs for handicapped education and audit a share of districts each year
3318.011	Rank districts each year by adjusted per pupil valuation

ORC Section	Summary of Section Requirement(s) for ODE
3319.224	Approve contracts with non-teacher speech pathologists
3319.235	Prescribe the manner in which teacher preparatory students must demonstrate proficiency in integrating education and technology
3319.39	Set rules for criminal background checks and employment of rehabilitated criminals
3319.44	Maintain and publish contracts regarding interstate teacher licensure agreements
3323.01	Maintain SDs' reports on funds received from the medical assistance program (MAP) each year (Chapter 5111 defines MAP)
3323.04	Maintain list of hearing officers for educational programs' placement dispute
3323.09	Collect county MR/DD Boards' special education plans
3323.14	Approve formulas and oversee issues involving inter-district reimbursement, payments, and excess cost issues
3323.17	Provide technical assistance to schools and supervision for teaching deaf children
3324	Develop lists of assessments and procedures acceptable for identifying gifted students, and collect and approve SDs' plans for identifying gifted students
3324.05	Collect and maintain SDs' data on the number of gifted students, and audit districts gifted numbers every three years
3324.07	Analyze the adequacy of SDs' plans for serving gifted students, which must have been submitted by December 15, 2000, and estimate the cost of implementing these plans

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Human Resources

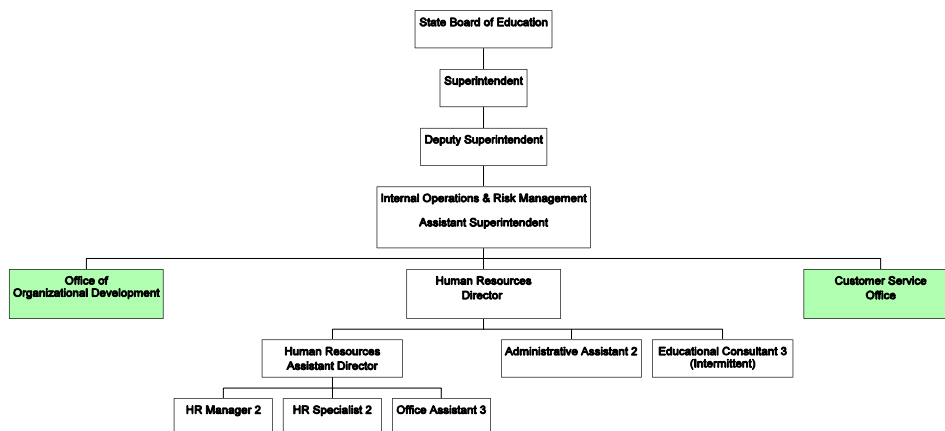
Background

The Ohio Department of Education (ODE) has an office dedicated to performing human resources functions. For purposes of this management audit, the staff responsible for coordinating human resources functions and the human resources office are referred to as HR. The Call Center had traditionally been considered a part of HR, although they are currently under the supervision of the Customer Service office. Meanwhile, although the office of Organizational Development is a separate entity from HR, it performs some functions that complement HR.

Organization Chart

Chart 4-1 provides an overview of HR's organizational structure and staffing levels as of March 26, 2001 as related to lines of responsibility and supervision.

Chart 4-1: Human Resources



Source: ODE tables of organization dated March 26, 2001

Organizational Function

The human resources office (HR) is responsible for the following personnel functions:

- coordinating personnel issues such as recruitment, selection and hiring of employees
- processing criminal background investigation/fingerprinting, drug and alcohol screening
- analyzing job classifications and compensation
- monitoring compliance with equal employment opportunity standards
- conducting orientation of new employees
- processing leave requests
- facilitating employee performance appraisals
- coordinating labor relations and equal employment opportunity guidelines
- administering and monitoring grievance policies and procedures
- conducting disciplinary hearings and terminations proceedings as needed
- transmitting payroll data to the state's Department of Administrative Services (DAS) for payroll processing
- distributing compensation and benefit information to employees

DAS was established in 1973 to offer services to state agencies, publicly funded colleges and universities and local governments. DAS maintains a statewide human resource system called the Human Resource Management System (HRMS) which includes the Customer Information Control System (CICS), the system used by DAS to process payrolls for various state agencies. DAS processes the employee payroll for ODE on a bi-weekly basis.

HR is responsible for gathering, maintaining and protecting the confidentiality of information related to employment. ODE strives to comply with state and federal regulations regarding record keeping requirements. However, in the absence of regulatory requirements, ODE reserves the right to set practices regarding the management, content, access, and retention of records. HR maintains a personnel file for each employee, which contains information related to benefits, payroll, performance reviews and other information specific to the employee. The information in the personnel file is confidential and access is restricted to authorized HR staff. Personnel files are retained for seven years after an employee leaves ODE.

ODE staff members are categorized as either "exempt" or "non-exempt" employees. Exempt employees are those employees who are not represented by a labor union and thus are exempt from union representation. Non-exempt employees may also be referred to as "bargaining unit" employees because they are represented by a labor union. Employees are further categorized as "classified" or "unclassified". They are considered classified employees if their positions are subject to examination requirements and protection under Ohio civil service laws. Unclassified employees are not subject to examination requirements and serve at the pleasure of the ODE administration. One of HR's major functions is to ensure that policies and procedures inherent in the employee

classification system are followed in a fair and consistent manner. In an attempt to help manage this system, budgetary position control numbers (PCN) are assigned to each position by ODE and a corresponding job classification number (CN) is assigned from a state approved list that is generated by DAS. For example, the director of HR position has been assigned PCN - 462.0 and CN - 99060.

Prior to January 2000, HR's organizational structure included the call center staff and the ombudsman position. However, the previous call center staff and the new ombudsperson position are now included in a separate office entitled Customer Service. Also, another office entitled Organizational Development has some responsibility for staff development and in assisting employees with individual professional development plans, but organizationally, it is a separate entity from the HR office.

Summary of Operations

The director of HR reports to the assistant superintendent of Internal Operations and Risk Management (change occurred on August 1, 2000 after the position of executive director of Internal Operations was eliminated), the deputy superintendent and ultimately the superintendent. According to a memo from the deputy superintendent, the Assistant Superintendent of Internal Operations and Risk Management is now responsible for "Internal Operations, including the following five (5) offices: Accounts, Document Management Services, Human Resources, Organizational Development, and Customer Services." The position also oversees the Office of Internal Audits and Special Projects, as well as provides oversight of ODE's move to its new headquarters at 25 South Front Street.

The current director of HR was hired on December 4, 2000. The previous director served in the position from July 3, 2000 to November 3, 2000. The director prior to that time retired in December 1999. The assistant HR director served as the interim director during the process of filling the directorship vacancies.

*Staffing***Table 4-1: Human Resources Staffing Changes**

Position	HR Staff ¹ 05/16/00	HR Staff 08/03/00	Customer Service Staff 08/03/00
Director	1	1	0
Associate Director	1	1	0
Assistant Director	1	0	1
HR Manager	1	1	0
HR Specialist	0	1	0
Educational Consultant III	1	0	1
Administrative Assistant	2	1	0
Public Inquiries Assistant	2	0	2
Telephone Operator I	2	1	1
Total	11	6	5

Source: ODE's Position Control Database Rosters of 05/16/200 and Tables of organization of 08/03/00

¹ Includes customer service staff

Table 4-1 illustrates HR staffing changes due to ODE's recent reorganization. The reorganization involved moving the call center staff from under the supervision of the director of HR to a separate office entitled Customer Service. The Customer Service office is supervised by an assistant director and still lies within the organizational domain of internal operations.

Financial Data

Table 4-2 displays actual expenditures for HR during FY 1998, FY 1999 and FY 2000 as presented in the expenditure reports prepared by ODE's Department of Accounts.

Table 4-2: Three Year History of Expenditures - Human Resources Office

Object Code	Appropriation Account	Actual FY 98-99	Actual FY 99-00	Budget FY 00-01
10	Salaries	\$ 309,399	\$ 687,337	\$ 486,087
11	Overtime	\$ 1,708	\$ 3,307	\$ 2,218
43	Other Payroll Employer	\$ 2,755	\$ 5,702	\$ 6,110
30	Termination Payments	\$ 0	\$ 53,769	\$ 49,409
20	Employee Paid Fringe Benefits	\$ 49,033	\$ 79,982	\$ 60,699
35	Employer Paid Fringe Benefits	\$ 88,395	\$ 108,345	\$ 80,467
136	Conference Registrations	\$ 3,371	\$ 850	\$ 285
180	Personal Service Contracts	\$ 20,231	\$ 16,778	\$ 40,799
211 261	Supplies and Materials	\$ 6,346	\$ 5,614	\$ 8,984
230 231	Employee Travel	\$ 510	\$ 17,046	\$ 10,798
241	Postage	\$ 1,200	\$ 0	\$ 0
273	Building Rent	\$ 0	\$ 5,496	\$ 5,683
274 340	Office Equipment/Furniture	\$ 30	\$ 5,632	\$ 4,042
292	Interstate Payments	\$ 69,626	\$ 67,180	\$ 36,116
295	Publications	\$ 2,281	\$ 106	\$ 541
Various	Miscellaneous	\$ 2,357	\$ 2,318	\$ 2,430
	Total	\$ 557,242	\$ 1,059,462	\$ 794,668

Source: ODE's Department of Accounts' Expenditure Reports by Fund/Function, FY 98-99, FY 99-00, FY 00-01

The information listed in **Table 4-2** varies considerably from year to year because a specific functional budget is not allocated to HR within ODE's overall operating budget. Therefore, the HR director cannot be held responsible for estimating budgetary needs or for monitoring the amounts expended. Furthermore, the \$229,128 reduction in salary and fringe benefit expenditures from FY 99-00 to the projected FY 00-01 expenditures is due in part to the reorganization of the Call Center staff from HR to Customer Services. However, it is difficult to confirm that the expenditure reports accurately reflect staffing costs because the reports list total salaries and benefits expended by each the DAS payroll sub-unit entitled "personnel", not by individual employee numbers or position control numbers.

Performance Measures

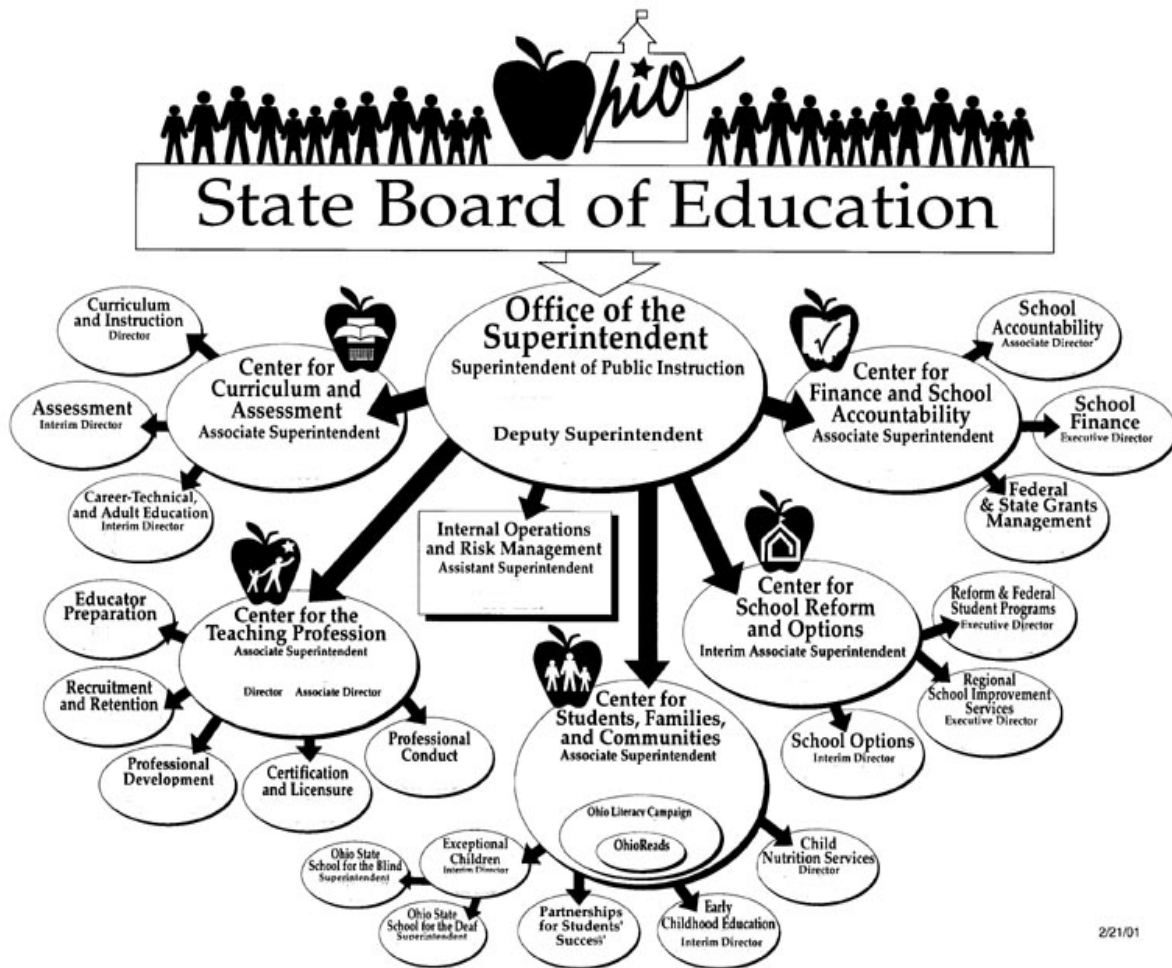
The following is a list of performance measures that were used to review ODE's human resources office coupled with the functionality typically performed by a human resources office:

- Assessment of the agency's human resources policies in relation to its actual practices
- Assessment of roles, responsibilities and authorities of key participants in the function of personnel administration
- Assessment of the agency's allocation of resources in relation to workloads
- Assessment of staffing levels and assigned responsibilities of staff
- Assessment of the system for retention and utilization of critical personnel data
- Assessment of systems and procedures for compiling candidate information
- Assessment of comprehensive staff development program available for all employees
- Analyze the efficiency/effectiveness of recruitment efforts including turnover rates
- Assessment of procedures to document proper qualifications of candidates
- Assessment of the use of temporary, intermittent or part-time personnel
- Assessment of the use of contracted personnel working on personal service contracts
- Assessment of the effectiveness of employer/employee relations program regarding grievances and disciplinary actions
- Assessment of training programs for staff involved in the interview and selection process
- Analyze the accuracy/completeness of position descriptions
- Assessment of the employee performance appraisal system
- Assessment of the adequacy of communication regarding policies, procedures and services pertaining to human resources
- Assessment of the agency's effort to comply with the recommendations of the 1999 KPMG management study

Findings/Commendations/Recommendations

Organizational Structure

F4.1 The structural organization within ODE has been in a state of change since former departments and divisions have been recently reorganized into the present structure of centers and offices. **Chart 4.2** depicts the present structure of centers and offices.



2/21/01

Source: ODE organizational chart dated February 21, 2001

F4.2 Much of ODE's recent reorganization has been based on recommendations contained in a 1999 management study report issued by KPMG LLP Consulting, with whom the agency contracted for the assessment. The following upper-level management positions form the inner core of authority within ODE's organizational structure:

- superintendent (1)
- deputy superintendent (1)
- assistant superintendent (1)
- executive directors (4)
- associate superintendents (5)
- chief of staff (1)
- chief legal counsel (1)
- chief information officer (1)
- comptroller (1)

The five associate superintendents manage the various offices that deliver ODE's services to its customers and employees. The five centers and their respective program/service offices (21) are as follows:

- Center for Curriculum and Assessment
 - Curriculum and Instruction
 - School Standards and Assessment
 - Career, Technical, and Adult Education
- Center for the Teaching Profession
 - Educator Preparation
 - Recruitment and Retention
 - Professional Development
 - Licensure
 - Professional Conduct
- Center for Students, Families, and Communities
 - Exceptional Children
(includes responsibility for the schools for the deaf and blind)
 - Partnerships and Public Engagement
 - Ohio Literacy Campaign - Ohio Reads
 - Supportive Learning Environments
 - Early Childhood Education
 - Child Nutritional Services
- Center for School Reforms and Options
 - School Options
 - Comprehensive School Improvement
 - Development
 - Federal Student Programs
 - Regional Services

- Center for Finance and School Accountability
 - Federal & State Grants management
 - School Finance
 - School Accountability

F4.3 The remaining program and service offices (9) are supervised by the Assistant Superintendent for Internal Operations and Risk Management, the Chief Information Officer and the Director of the Office of Board Relations:

- Internal Operations and Risk Management
 - Document Management Services
 - Internal Audits/Risk Management
 - Human Resources
 - Department of Accounts
 - Customer Service
 - Organizational Development
- Information Management Services
- Office of Board Relations

Additional oversight for the entire range of program and service offices (30) is provided by an array of directors, associate directors and assistant directors, as well as other managers and supervisors of various titles.

F4.4 The state's Department of Administrative Services (DAS) establishes guidelines for all state agencies regarding the preparation and circulation of organizational charts. The 1999 DAS directive, number 00-02, states that "All appointing authorities must maintain a current organizational chart, and submit copies of it to the Office of Collective Bargaining, Human Resources Division, Department of Administrative Services, each January. This chart should reflect all positions in the agency by position control number, classification title and/or number, and name of the employee currently assigned thereto. Whenever changes occur in an agency's structure, a revised chart should be filed with the above-referenced office immediately."

Although the new organizational structure, as depicted in **Chart 4-1**, indicates lines of responsibility, these lines of responsibility do not clearly follow through to ODE's tables of organization. These tables do not adequately illustrate the extension of responsibilities and supervision throughout the array of centers and offices.

C4.1 ODE has made a concerted effort to revise its organizational structure in order to implement suggestions that were included in the 1999 management study performed for ODE by KPMG. ODE uses tables of organization (TO's) to depict its organizational structure. These TO's are published as graphic illustrations of ODE's official center/office structure.

As recommended by KPMG, ODE attempted to organize its new centers/office according to suggested "core processes" including:

- Establishing curriculum standards, assessments and professional development
- Providing technical assistance to school districts
- Distributing funds to school districts
- Monitoring and compliance of educational standards
- Providing program and project management
- Establishing research policy
- Providing communications/customer relations
- Providing key support processes including human resources, purchasing, internal audit, and information technology

KPMG recommended that ODE's new organizational structure "clearly delineate lines of responsibilities, and better support the Department's requirement to more effectively and more quickly respond to its customers' needs."

R4.1 ODE should attempt to construct its tables of organization in a format that begins with a key table (line/staff organizational chart) based on **Chart 4-1** and adds succeeding pages that clearly relate back to the key table through a comprehensible coding process. For example, if the Center for Curriculum and Assessment was coded "A" on the key table, its individual organizational table would be coded "A" and the tables for the offices within the center could be coded as follows: Curriculum and Instruction - "A1", School Standards and Assessment - "A2" and Career Technical and Adult Education - "A3". If subsequent tables are needed for subordinate offices, they could be coded "A1a", "A1b" and so on.

The tables of organization used by the California Department of Education are good examples of this type of coding. Furthermore, California adds budget codes to each box within its tables of organization to indicate the funding source for individual positions. Other state departments of education that have excellent tables of organization include, Florida, Indiana, Pennsylvania, West Virginia, and Wisconsin. The tables of organization published by these states are also good examples of formats that depict "clear lines" of responsibility.

F4.5 Since the goals and core processes of an organization's strategic plan should be supported by its organizational structure, it is logical that a strategic plan should be developed prior to any changes in organizational structure. However, ODE revised its organizational structure prior to completing its new strategic planning process. Therefore, the allocation of responsibilities for work processes that should be identified within the strategic plan could not have been considered when staff was allocated within the new organizational structure. If the development of workforce numbers is to be adequately aligned with delivery of

service, the strategic planning process should be tied to the construction of the new organizational structure.

R4.2 ODE should consider reexamining its newly created organizational structure as it completes the development of its strategic plan. (Please see the **strategic plan** section of this report for additional recommendations.) Special emphasis should be placed on defining roles and responsibilities of staff and on skills required by the staff involved in each program or service function. Furthermore, ODE should conduct a thorough review of the work performed by each office to determine the necessary number of work units and individuals required to adequately meet the work requirements. Inherent in this review process would also be an analysis of the work skills that are relevant to each of ODE's present job classifications. Since the state requires that employees be assigned to positions based on their designated classifications, it is crucial that the number and type of classifications used within each office be scrutinized to determine whether employees are assigned to proper classifications based upon the work that they are expected to perform.

F4.6 Although well intended, ODE's reorganization efforts have created a confusing situation wherein there are multiple names in use for many of its programmatic and service offices, both internally and externally. Internally, ODE's HR office generates a position control database report that lists all staff members organized by classification within centers/offices. However, the center/office headings used in compiling this list do not match with either the headings previously used in ODE's outdated directory or the headings used in its latest tables of organization. Meanwhile, the position control roster generated externally from DAS's payroll database uses another outdated set of names for ODE's sub-units.

Since tables of organization are generally accepted as an authoritative illustration of the line-staff relationships within a corporation or agency, it is imperative that they are constructed with the upmost care to reflect accurate staffing levels and appropriate lines of responsibility and supervision in and among various sub-units (see **R4.1**). Furthermore, any organizational databases that are used for staffing reports should be based on the same sub-unit headings that are used in compiling the tables of organization. **Table 4-3** on the following two pages depicts the various sub-unit names used with the respective staff allocation lists. However, staffing levels and operational sub-unit terminology at ODE are continually changing in response to planned organizational changes and normal attrition/hiring cycles. Therefore, as expected, the staffing levels and sub-unit titles vary when comparing the information in **Table 4-3** pertaining to the TOs of August 3, 2000 and February 8, 2001. The latter TOs reflect changes implemented since the management audit process began.

Table 4-3: Staffing Analysis - ODE Employees by Center/Department

Center/Office Headings Used (Titles in parentheses are used only in the DAS listing.) Titles in bold type - used only in ODE's PC rosters. <i>Italicized titles - used in only the 1999-2000 ODE directory</i>	ODE's TOs 08/03/00	ODE's Directory 1999 - '00	DAS Payroll 06/30/00	ODE PC list 2/14/00	ODE's data 1/18/01	ODE's TOs 3/26/01
Administration	NL ¹	NL	104	50	18	NL ¹
Assessment/Evaluation	NL	29	NL	27	23	NL
Office of School Standards and Assessment	28	NL	NL	NL	NL	20.5
Office of Curriculum and Instruction	21	NL	NL	NL	NL	34
Board Relations	6	6	NL	6	6	6
Communications Group (Research and Communication)	NL	5	(20)	6	8	8
Department of Accounts	24	20	18	23	28	25
Division of School Finance - Coordinators	NL	26	NL	28	27	NL
Division of Child Nutrition Services (Food Services)	41	39	(41)	33	38	42
Office of Federal Student Programs	25	NL	NL	NL	NL	32
Division of Federal Assistance	NL	18	37	32	20	NL
Division of Information Management (Computer Services)	47	38	(43)	37	50	55
Center for School Finance and Accountability	13	NL	NL	NL	NL	3
Division of School Finance	19	22	72	15	34	15
School Finance Field Services	28	NL	NL	NL	NL	30
Fiscal Assistance	16	NL	NL	NL	NL	16
Office for Exceptional Children <i>Division of Special Education</i>	57	34	57	47	48	55
Division of Vocational Education Career-Technical and Adult Education	99	61	68	58	65	101
Document Management Services	21	18	NL	18	20	23
Early Childhood Education	37	41	NL	33	35	35
Human Resources (Office of Personnel)	7	11	(23)	7	14	7
Office of School Management Assistance	NL	NL	NL	15	NL	NL
(Division of Educational Services)	NL	NL	(94)	NL	NL	NL
Prevention Education	NL	NL	NL	12	NL	NL
Center for the Teaching Profession	12	NL	NL	NL	NL	14
Professional Development	5	NL	NL	NL	NL	8
Professional Conduct <i>Office of Professional Conduct</i>	11	9	NL	NL	NL	10
Recruitment and Retention	4	NL	NL	NL	NL	7
Educator Preparation	9	NL	NL	NL	NL	11

Center/Office Headings Used (Titles in parentheses are used only in the DAS listing.) Titles in bold type - used only in ODE's PC rosters. <i>Italicized titles - used in only the 1999-2000 ODE directory</i>	ODE's TOs 08/03/00	ODE's Directory 1999 - '00	DAS Payroll 06/30/00	ODE PC list 2/14/00	ODE's data 1/18/01	ODE's TOs 3/26/01
Certification/Licensure	19	NL	NL	NL	NL	20
Teacher Education and Certification <i>Professional Development and Licensure</i>	NL	103	29	22	20	NL
Professional Development Work Cluster	NL	NL	NL	44	45	NL
(In-service Education)	NL	NL	(18)	NL	NL	NL
Regional Services	9	NL	NL	NL	3	22
Comprehensive School Improvement	17	NL	NL	NL	NL	NL
School Options	19	10	NL	9	8	21
Student Development	NL	30	NL	17	NL	NL
Office of Supportive Learning Environments	24	NL	NL	NL	23	NL
(Equal Educational Opportunities)	NL	NL	(20)	NL	NL	NL
(Elementary and Secondary Education)	NL	NL	(60)	NL	NL	NL
Superintendency/Deputy Superintendent's Office	12	36	NL	14	25	10.5
(State Board)	NL	NL	(3)	NL	NL	NL
Urban Schools Initiative <i>Office of Urban Education</i>	NL	7	NL	6	NL	NL
Governor's Commission for Student Success	2	NL	NL	NL	NL	3
<i>Cleveland Scholarship and Tutoring Program</i>	NL	1	NL	NL	NL	NL
Legal Counsel	3	2	NL	NL	NL	4
Office of Budget and Governmental Relations	6	6	NL	NL	NL	6
Organizational Development	4	NL	NL	NL	NL	4
Office of Development	2	2	NL	NL	NL	2
<i>Office of Grants Management</i>	NL	5	NL	NL	NL	13
Office of Internal Auditing	7	5	NL	NL	NL	7
Office of Policy Research and Analysis	10	7	NL	NL	NL	10
Customer Service	4	NL	NL	NL	NL	5
Center for Students, Families, and Communities	2	NL	NL	NL	NL	3
Office of Partnerships and Public Engagement	3	NL	NL	NL	NL	28.5
Ohio Reads/Ohio Literacy Campaign	5	4	NL	NL	NL	10
<i>Ohio School for the Deaf</i>	NL	6	NL	NL	NL	NL
<i>Ohio School for the Blind</i>	NL	6	NL	NL	NL	NL
Total Number of Employees Listed	678²	607	707³	559	558	734.5⁴

Sources: 1999 ODE Directory, DAS generated roster of ODE employees 05/19/00, ODE generated list of employee 02/14/00 and 08/04/00

¹ NL = Not listed by that particular unit title

² All budgeted positions listed on ODE's tables of organization including vacant positions

³ DAS report total includes 134 vacant positions but not the 15 positions listed as No Pay (leaves without pay such as disability)

⁴ Includes OSU staff, intermittent positions and staff added in response to the latest increase in OBM's imposed staffing ceiling.

F4.5 As illustrated in **Table 4-3**, there is a mismatch of program/service headings between ODE's tables of organization, its outdated directory, its internal position control roster database and the position control roster generated from the DAS payroll database. This inconsistency is a potential source of confusion among ODE's employees and its customers. Smooth internal operations are contingent upon a clear understanding of which offices and corresponding staff have responsibility for what functions. Meanwhile, citizens and school district personnel who comprise ODE's customer base need clarity as to which offices/staff have responsibility for the various programs and services that are offered.

The tables of organization are compiled by ODE's individual program/service offices in various formats and are grouped in a packet without a cover sheet that clearly depicts the overall relationship of the superintendent's office to the five operational centers and separate, subordinate sub-units.

R4.3 One office, preferably HR or the Office of Organizational Development, should have the sole responsibility for compiling and updating ODE's tables of organization. Focusing this effort in one office could help to improve the accuracy and format consistency of the tables. Also, the tables of organization should be revised as soon as personnel actions are finalized by HR. This could help to ensure that the tables reflect organizational changes or changes in personnel in a timely manner. Furthermore, tables of organization should be produced in a "three ring" binder format so that individual pages can be revised and distributed as changes are made. Finally, tables of organization should also be developed in a format that can be posted on ODE's Internet site and on its Intranet. This would increase the opportunity for employees and customers to view changes in ODE's organizational structure.

F4.7 Several personnel reports can be generated for ODE using the information it supplies to the DAS payroll system database. However, these reports are not as useful as they could be because the DAS payroll system database (as shown in **Table 4-3**) does not have updated information regarding the proper names for the operational sub-units. Also, the staffing allocations within the DAS payroll system database do not accurately reflect the current distribution of staff among the five operational centers and the individual program/service offices.

R4.4 As ODE confirms organizational changes (especially titles of organizational sub-units) and/or changes in personnel, the new information should immediately be conveyed to DAS so that the payroll system database can be revised. As revisions are made to the DAS payroll system database, reports generated from that database, such as the Personnel Control Roster and the Personnel Action Report, should be a more accurate representation of where ODE's employees are allocated. The reports then could be more useful in monitoring the allocation of staff and in helping to project future staffing trends.

R4.5 When ODE publishes a revised directory of programs/services and staff, care should be taken to ensure that the new directory is organized to accurately reflect the latest organizational structure. Since internal operational efficiency and excellence in customer service are based on optimum organizational clarity, an organization's directory is one of its most important public documents. The directory should be published in an inexpensive format so that it can be updated by July 1st of each year to correspond with the beginning of the new fiscal year. However, if a significant number of organizational changes and/or key personnel changes occur, ODE should consider revising and reissuing its directory at mid-year (January). Furthermore, ODE should develop its directory in a format that can be posted on its Internet site so that citizens and school district personnel can have timely access to directory changes between revision of the published directory.

ODE should look at best practices developed by other states in the use of the Internet. For example, the Maryland State Department of Education directory, which is posted on its Internet site (www.msde.state.md.us/directory), would be a good model for ODE to review because its organization clearly follows functional responsibilities. Additionally, the New York State Education Department publishes a directory on its Internet site (www.oms.nysed.gov/orgchart) in a table format which is another good option to consider because of its clarity. Furthermore, the Wisconsin Department of Public Instruction's web site (www.dpi.state.wi.us/dpi/progindex) uniquely combines a detailed outline of its organizational structure with links to office and program directories.

F4.8 ODE has delegated human resources functions to both the HR office and the office of Organizational Development. For example, HR is responsible for monitoring the time lines related to the employee performance process, while the office of Organizational Development is responsible for developing the new employee performance appraisal instrument which will be used to evaluate unclassified staff. Furthermore, the office of Organizational Development is responsible for assisting employees in the development of "individual work plans". Meanwhile, since both offices have some staff development responsibilities, ODE has encouraged that the office work cooperatively. Furthermore, when ODE's moved to its new headquarters, the office locations were arranged so that they are next to each other.

R4.6 ODE should continue its recent efforts to ensure that the office of Organizational Development works closely with the HR office on projects such as the performance management system and coordination of staff development and training throughout the agency. Additionally, ODE should emphasize that all training within its various centers and offices should be coordinated through the office of Organizational Development so that training logs can be properly documented and the training information relayed to HR for inclusion in employees' personnel files.

Staffing

F4.9 ODE's reorganization has necessitated a restructuring of its program/service offices and a reallocation of some of its staff and budgetary resources. The movement of staff and resources, whether physical or on paper, underscores the need for a process by which HR can assess the adequacy of allocation of resources in relation to projected workloads. ODE does not have a HR staff position responsible for performing an analysis of workloads and staffing requirements.

R4.7 ODE should develop a "job analyst" position that would be responsible for analyzing the workloads of its various program/service offices, suggesting appropriate staffing levels and determining cross-training needs. The position description for this position should emphasize an appropriate educational background and the analytical skills that are required in determining workload to staffing ratios. Knowledge and experience in task analysis and the ability to develop "time-on-task" data should be included in the list of prerequisite skills. Furthermore, ODE's upper level management should emphasize the importance of this position within its organizational hierarchy. It is imperative that all ODE office supervisors cooperate and communicate timely and accurate workload and staffing information to the person holding this position. Additionally, the function of this position should be clearly tied to implementation of the strategies developed to achieve the goals and objectives within ODE's strategic plan.

Financial Implications: According to a listing of job classifications approved by DAS, the salary for the highest level Human Resources Analyst should be \$53,000 adding \$15,000 for fringe benefits brings the annual cost to approximately \$68,000.

F4.10 Another key HR function is the ability to project staffing needs based on personnel actions such as retirements, resignations, suspensions, removals and long-term absences due to various types of leaves. ODE does not have the capability to project staffing needs based on these various personnel actions because its HR staff does not track this information on a regular basis. Furthermore, ODE does not compile cumulative, historical data reflecting personnel actions so that it could be used in making long-term projections of trends in the various categories.

Although HR does not compile cumulative data on personnel actions that may affect long-term staffing projections, some of the information is available within the personnel action reports that are available from DAS. **Table 4-4** displays some of the information regarding ODE personnel actions listed on the DAS report over the last three years.

Table 4-4: A Three Year History of Various Personnel Actions

ODE Personnel Actions	FY 1998	FY 1999	FY 2000	Average
Changes:				
Promotion	34	25	54	37.7
Reassignment	41	15	49	35.0
Temporary Promotion	11	14	22	15.7
Reinstatements	0	0	0	0.0
Total Changes	86	54	125	88.3
Interruptions:				
Suspension	0	1	1	0.7
Disability Benefits	23	30	19	24.0
Total Interruptions	23	31	20	24.7
Separations:				
Resigned	26	33	34	31.0
Retired	4	24	17	15.0
Disability Retirement	0	0	2	0.7
Disability Separation	1	1	0	0.7
Removed	0	0	1	0.3
Probationary Removal	0	2	1	1.0
Unclassified Removal	0	0	1	0.3
Total Separations	31	60	56	49.0

Source: Personnel Action Rosters supplied by DAS for FY 97-98, FY 98-99 and FY 99-00

R4.8 The HR staff should be responsible for internally tracking the following personnel actions: resignations, retirements, suspensions, removals, promotions, temporary promotions and reassignments.

Tracking of personnel actions could be accomplished by updating the information monthly using a spreadsheet program. The information should also be periodically compared to the data reflected on the State Employee Personnel Action Roster supplied by DAS. By improving its tracking of personnel actions, HR could be able to add important information to its internal data base and increase its ability to project staffing trends and staffing needs. Also, the expanded internal data base could improve HR's data retrieval capabilities since personnel actions could be sorted by center/office, as well as by employee classifications.

F4.11 Attendance officers (21) in the various centers/offices enter employees' time and attendance directly into the payroll sub-system on a bi-weekly basis. This daily attendance data is forwarded to the human resources manager who acts as ODE's liaison with the DAS payroll

office. **Table 4-5** shows the assignments for the attendance officers who have the responsibility of compiling employees' daily attendance data:

Table 4-5: Assignments for Attendance Officers

	Attendance Officers	Payroll Number	Center/Office
1.	Attendance Officer A	201/209	State Board/Human Resources
2.	Attendance Officer B	213	Assessment
3.	Attendance Officer C	227	School Options 10
4.	Attendance Officer D	202/210	Administration/Policy Research and Analysis
5.	Attendance Officer E	223	Document Management Services
6.	Attendance Officer F	207/208/222	School Finance/ Management/Coordinators
7.	Attendance Officer G	217	Professional Development
8.	Attendance Officer H	206	Information Management Services
9.	Attendance Officer I	211	Exceptional Children
10.	Attendance Officer J	205	Board Relations
11.	Attendance Officer K	229	Superintendency
12.	Attendance Officer L	214	Child Nutrition
13.	Attendance Officer M	225	Urban School Initiative
14.	Attendance Officer N	220	Student Development
15.	Attendance Officer O	215	Vocational Education
16.	Attendance Officer P	204	Certification
17.	Attendance Officer Q	224	Prevention
18.	Attendance Officer R	219	Communications
19.	Attendance Officer S	212	Federal Assistance
20.	Attendance Officer T	218	Early Childhood Education
21.	Attendance Officer U	203	Department of Accounts

Source: Listing provided by HR staff

The 21 attendance officers who enter employees' time and attendance do so based on an "exception" process. In other words, each employee is automatically assumed to have worked 80 hours during the bi-weekly payroll period unless there is an exception communicated to the attendance officer. Exceptions may be due to vacation, sick leave, personal leave and other excused absences that require a leave form to be manually submitted. Additional time worked, whether it be calculated as overtime or compensatory time, would also be considered an exception to the automatic payroll computation. However, the payroll sub-system does not allow ODE employees to allocate their hours worked each pay period to specific projects or programs.

The HR staff expends considerable time monitoring the use of leave time by ensuring that time reported corresponds with submitted leave forms. However, the crucial role in the payroll process, "time and attendance" reports, are completed by the attendance officers are compiled into a data tape by staff in the information management services office. The tapes are subsequently forwarded to DAS for the actual payroll processing.

R4.9 ODE should consider streamlining the payroll function so that the time and attendance verification process is the responsibility of each employee. This requires the creation of an

interactive time and attendance verification program by which employees could directly enter their own time and attendance data, while giving supervisors the ability to review and approve the information. The former HR director personally examined such a system used by the Auditor of State's office and felt that ODE's technology staff could inexpensively create this type of payroll program "in house". Furthermore, although ODE purchased the Oracle human resources module to pilot with the SchoolNet program, it was never implemented due to unexplained reasons. Additionally, the former HR director also was informed by DAS's payroll director that a proposed new statewide payroll program is about two years away from implementation. Therefore, in order to use the Oracle HR module's payroll functions in the interim, ODE would have to purchase licensing rights to another module and hire outside consultants to customize and implement the program. Consequently, the former HR director's plan to create an interactive payroll program "in house", as an interim solution, seems realistic. The KPMG report also noted that "The ODE should establish a process to track staff time." (Please see the **financial section** of this report for more detailed information regarding the relationship of payroll procedures to the budgetary process.)

F4.12 An interactive time and attendance verification program could conceivably be used to measure the effort expended for individual ODE programs to determine the true cost of various activities. It also would give ODE a tool to use in prioritizing needs and allocating staff by determining which programs require increases in staffing and which activities have staff available for reallocation. Furthermore, an automated procedure would give ODE the ability to track employee time by program or service function. Each program/service could be assigned a funding code to which employees would "charge" hours each pay period.

R4.10 ODE should consider using any interactive time and attendance verification program that is developed in the future to measure the effort expended for individual ODE programs in order to determine the programs' true staffing cost. Furthermore, funding codes should be built into the system to give ODE the ability to track employee time by various programs or service functions.

F4.13 ODE's employees are placed in job classifications according to their qualifications, skills attained and experience. Once a job classification is determined, an employee is assigned to specific positions within ODE's organizational structure based upon the personnel needs of a particular center/office and the employee's classification. There are over 60 different job classifications used by ODE. See **appendix 4-1** for a complete listing of employee payroll classifications currently used within ODE, along with the number of employees in each classification. **Table 4-6** shows the number of employees within ODE's nine most commonly used classifications:

Table 4-6: Analysis of ODE Employee Payroll Classifications

No.	JOB TITLE	Hr. Avg.		Salary Range	
9	Administrative Staff	\$52.32		\$90,646.40	\$126,027.20
41	Administrative Assistants 1, 2, 3 & 4	Aggregate ¹		\$27,560.00	\$66,289.60
66	Educational Employee Administration	\$34.97		\$52,457.60	\$91,145.60
248	Education Employee Consultants 1, 2, & 3	Aggregate ²		\$33,841.60	\$71,489.60
9	Executive Secretary 1	\$19.72		\$34,070.40	\$43,222.40
18	Exempt Educational Employee	\$41.29		\$72,092.80	\$95,784.00
10	Fiscal Specialist 1	\$19.25		\$30,908.80	\$43,284.80
43	Secretary	\$14.66		\$26,332.80	\$33,550.40
29	Word Processing Specialist 2	\$13.93		\$25,937.60	\$33,550.40
473	Total				

Source: Listing compiled using DAS payroll database as of 08/31/00

Aggregate ¹ = Administrative Assistant 1 - \$16.20, AA2 - \$17.57, AA3 - \$24.21 and AA4 - \$31.87

Aggregate ² = Educational Employee Consultant 1 - \$20.87, Consultant 2 - \$26.57 and Consultant 3 - \$28.55

Although there are over 60 different classifications in use at ODE, over 80 per cent of its employees are categorized within the nine most commonly used classifications that are listed in **Table 4-6**. Furthermore, the following classifications account for over half (54%) of ODE employees: Educational Employee Administration (66) and Education Consultant 1, Consultant 2, and Consultant 3 (248). Employees working under the Educational Employee Administration classification are usually functioning in a clear administrative or quasi-administrative capacity. However, those working under the Education Consultant classifications are not always undoubtedly working within the correct classification.

F4.14 On May 7, 1999, the Ohio Civil Service Employees Association, AFSCME Local 11 (union) filed a "Petition for Clarification of Bargaining Unit" with the State Employee Relations Board (SERB) seeking "to amend either state units 9 (administrative support) or 14 (administrative professional) to include Education Employment Consultants employed by the State of Ohio, Department of Education." Basically, the union contended that ODE has been assigning "unclassified" Educational Employment Consultants to positions that should have been filled by employees from "classified" job classifications. After months of discussion, the union and ODE reached a tentative agreement to resolve the case in February, 2000. However, during March of 2000, several employees who were working for ODE as Education Employment Consultants ("intervenor") filed a series of "exceptions and objections" to the settlement agreement and SERB consequently disapproved the settlement agreement on March 23, 2000. The case was remanded to SERB's Hearings Section wherein the union and ODE subsequently entered into a new agreement that was filed on April 14, 2000. On May 5, 2000 the intervenors filed new objections to the settlement. However, SERB ruled that although the intervenors were made a party to the case by previous actions, they did not have "the power to prevent other parties from agreeing to act jointly to settle their disputed points." Furthermore, SERB added that "the management level employee"

issue must be raised under a petition to amend certification, not under a petition to clarify. On June 6, 2000, SERB issued a directive approving the latest settlement agreement between ODE and the union.

The settlement agreement, case number 99-REP-05-0114, has several key points including:

- Education Consultants (24) specifically identified as performing bargaining unit work are to be included in the union's bargaining unit 14.
- Any newly created Education Consultants 1 and 2 positions are to be included in the union's bargaining unit 14, unless validly exempt.
- The union waives its rights to further challenge the status of all other existing Education Employment Consultants, unless circumstances change substantially.
- The union does not waive its rights to challenge newly created positions.
- The settlement agreement will be implemented "as soon as practical, but in no event later than the SERB's order in this matter without objection or other motion by the Employer".
- Those employed in the (24) positions mentioned above will continue to be compensated in approximately the same pay range; however, since there is no direct correlation or equivalent pay range assignments, the parties will develop an agreement that will be controlled by the following principles:
 - No employee subject to this agreement will receive a windfall in pay or accumulated benefits
 - No employee subject to this agreement will receive a loss of their existing pay rate
 - It is the intent of the parties to classify the duties of the (24) employees listed above, "under current Bargaining Unit titles or to develop classification titles consistent with the titles in the bargaining unit."

Subsequently, an implementation agreement was jointly filed on November 8, 2000 by ODE and the union which included the following points:

- The parties shall establish new classification titles, tentatively to be titled Education Field Representatives and Education Program Consultants and/or other classification titles no later than January 15, 2001.
- Should the Union dispute the proposed action of the Employer with respect to the classification and pay range changes and the parties are unable to resolve their differences, they shall resolve the issue through arbitration ...
- Whenever an Education Consultant 1, 2 or 3 position becomes vacant or when the Employer establishes a new position which previously would have been classified as an Education Consultant 1, 2 or 3, the Employer shall examine the duties and properly classify the position based on the updated position description. If the position is determined to be a bargaining unit position, it shall be posted ... If the

Employer believes the position is exempt, the Union may challenge the determination and the parties will submit the position to the Classification Compensation Section of DAS for review ... If DAS determines that the position is an exempt position, the Union may proceed to SERB with the filing of a petition in accordance with section 1.02 fo the parties' collective bargaining agreement.

- The parties agree that the Employer may maintain no more than eight (8) exempt positions, excluding the Executive Director, assigned to the Ohio Reads Program.
- An ODE position to be filled by an employee moving from Ohio State University (OSU) shall be reviewed in accordance with paragraph 3 as described herein as though such position is a vacant Education Consultant 1, 2 or 3. However, such a position need not be posted if an employee moving from OSU fills the position ...
- The parties will seek the approval of the Office of Collective Bargaining to establish an agency specific agreement which amends the provisions of the parties collective bargaining agreement so that employees hired into classifications mutually identified may have prior service with state of Ohio or political subdivisions counted toward service necessary for vacation accrual and longevity payment.

R4.11 In light of the recent SERB directive, ODE should consider reevaluating the duties performed by its unclassified staff working as Education Consultants and attempt to reduce the number of employees working within these classification. Since employees in the Education Consultant classifications are among ODE's highest paid employees, any reclassification of these positions to lower paying classifications could potentially produce substantial savings in salaries. However, since the SERB directive specifically protects the pay rates of employees presently involved, there would be no immediate financial implications for reducing the number of Education Consultants. Realistically, these reductions would be best accomplished through attrition. As employees within the Education Consultant classifications leave the agency for various reason, such as retirement, replacement employees could be hired in lower paying classified positions.

Employees' Organizational Roles

F4.15 An ODE Employee Survey was distributed to 570 regular full-time ODE employees. The purpose of the survey was to obtain employees' feedback and perceptions of employee relations and human resources/personnel issues. Responses were received from 334 employees, for a response rate of approximately 59 per cent. The responses were separated into the following four categories based on the reported position classifications of the respondents (Attached to each group code is the percentage of the total respondents.): *Administrative/Management* (A-21%), *Educational Consultant* (E-39%), *Classified* (C-29%) and *Other* (O-11%). (See **appendix 4-2** to view the responses to the entire survey.)

The first five questions on the survey deal with employee perceptions of job descriptions, ODE's tables of organization and the fairness of salary compensation. The analysis of the responses to these questions is displayed in **Table 4-7**. This analysis helps to provide some insight into employees' perceptions regarding their positions within ODE's overall organizational structure.

Table 4-7: Analysis of Employee Survey Responses (questions 1-5)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
1. I have a copy of my job description which lists the duties and responsibilities of my position.	Total = 2.4% A - 0 E - 2.3 C - 2.1 O - 8.3	Total = 21.3% A - 10.0 E - 19.8 C - 25.8 O - 36.1	Total = 16.2% A - 17.1 E - 16.0 C - 17.5 O - 11.1	Total = 3.6% A - 1.4 E - 4.6 C - 4.1 O - 2.8	Total = 32.0% A - 31.5 E - 33.6 C - 34.0 O - 22.2	Total = 24.5% A - 40.0 E - 23.7 C - 16.5 O - 19.5
2. My job description accurately reflects my usual daily routine.	Total = 11.7% A - 4.2 E - 16.8 C - 6.2 O - 22.2	Total = 13.2% A - 2.9 E - 10.7 C - 22.7 O - 16.7	Total = 17.7% A - 20.0 E - 13.7 C - 23.7 O - 11.1	Total = 17.3% A - 25.7 E - 16.0 C - 16.5 O - 8.3	Total = 27.8% A - 28.6 E - 29.8 C - 23.7 O - 30.6	Total = 12.3% A - 18.6 E - 13.0 C - 7.2 O - 11.1
3. The tables of organization accurately depict my role in ODE's current organizational structure.	Total = 5.1% A - 1.4 E - 3.8 C - 6.2 O - 13.9	Total = 3.6% A - 0 E - 6.1 C - 3.1 O - 2.8	Total = 14.7% A - 8.6 E - 13.0 C - 22.6 O - 11.1	Total = 26.3% A - 18.6 E - 24.4 C - 33.0 O - 30.6	Total = 36.2% A - 35.7 E - 42.0 C - 29.9 O - 33.3	Total = 14.1% A - 35.7 E - 10.7 C - 5.2 O - 8.3
4. Salary compensation levels are fairly matched to levels of job responsibility, skill and experience.	Total = 2.1% A - 0 E - 1.5 C - 2.1 O - 8.3	Total = 22.2% A - 18.6 E - 19.8 C - 31.9 O - 11.1	Total = 28.1% A - 25.7 E - 26.7 C - 31.0 O - 30.6	Total = 16.8% A - 22.9 E - 16.8 C - 15.5 O - 8.3	Total = 26.9% A - 25.7 E - 32.9 C - 16.4 O - 36.1	Total = 3.9% A - 7.1 E - 2.3 C - 3.1 O - 5.6
5. Employees' position classifications are revised as necessary in order to reflect long-term changes in duties and responsibilities.	Total = 9.3% A - 7.1 E - 12.2 C - 2.1 O - 22.2	Total = 26.0% A - 14.3 E - 18.3 C - 47.4 O - 19.4	Total = 31.7% A - 40.0 E - 32.8 C - 22.6 O - 36.1	Total = 18.9% A - 20.0 E - 23.7 C - 15.5 O - 8.3	Total = 11.4% A - 18.6 E - 10.7 C - 9.5 O - 5.4	Total = 2.7% A - 0 E - 2.3 C - 3.1 O - 8.3

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent Classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other¹ (O)
Other includes unclassified staff other than the educational consultants and a few respondents that did not mark a classification.

F4.16 As indicated by the responses to question one in **Table 4-7**, a majority (56.5%) of the employees responding to the survey indicated that they have a copy of their job description which lists the duties and responsibilities of their position. However, of those indicating that they did not have such a job description (37.5%), those in the *classified* staff category had the least knowledge of their job descriptions. Within the *classified* staff category, 43.3 per cent of the respondents indicated that they did not have a copy of their job descriptions. Furthermore, the responses to question five indicate that only 14.1 per cent of the *classified* employees responding felt that changes in position classifications were made as necessary. Meanwhile, a majority of all classifications responding (57.7%) and an overwhelming

majority (70.1%) of classified employees felt that employee position classifications are not revised to reflect long-term changes in duties and responsibilities.

R4.12 ODE should update and reissue position descriptions to all employees to ensure that each employee understands the duties and responsibilities of his/her current position. Upon issuance, employees should be required to sign a copy of their position description which would be placed into their personnel file by HR staff. This process could benefit both the agency and its employees. The agency would be in a better position to hold its employees accountable for the duties required by the assigned position. Meanwhile, employees would be able to challenge the rationale of their assigned positions if in fact the duties to which they are assigned do not resemble the duties described in their position descriptions. Furthermore, special informational meetings with *classified* staff may be necessary since the survey results indicated that communicating position description information to these employees appears to be a general concern.

The Montana Office of Public Instruction's performance appraisal manual has a section entitled "Writing Good Position Descriptions" that lists the following guidelines that ODE should consider including in its position description process:

- The position description should explain what is done, how it is done and why it is done on a task-by-task basis
- The position description should be reviewed annually during the appraisal process to assure that it is current and reflects what is actually happening in a given job
- When writing task statements, avoid vague verbs like "assists, coordinates, and handles" and avoid overly technical language.

The New Mexico Department of Education takes the notion of job descriptions one step further by developing "job assignment statements". ODE should consider implementing the following steps used in New Mexico:

- Begin by listing all of the tasks performed by the position
- Group all of the tasks that are used in creating the actual product or service
- Consider the mission of the organization and ask "When the employee does all of these tasks, what has been produced or what service has been rendered?"
- Write a short statement which accurately states the product or service to be rendered
- List distinct, major, and recurring tasks which result in the service or product
- Cite specific standards or criteria applied to each task - measurements used should be in terms of quality, quantity, cost and/or time
- Job assignments and the accompanying expectations should be developed for the position not the employee
- Expectations should be based on the current workload of the organization
- Job assignment statements should be prioritized by the supervisor

- F4.17 As indicated by the responses to question two in **Table 4-7**, 41.1 per cent of the respondents felt that their job descriptions actually reflect their usual daily routine. However, of that group, only 12.3 per cent felt that there was a strong correlation between job descriptions and the actual work performed. Meanwhile, within the *classified* category, 46.4 per cent of the respondents felt that their job descriptions did not reflect their usual daily routine. If job descriptions do not reflect the work performed by employees, there is an obvious misalignment between the duties described and the tasks actually performed. This type of discrepancy can cause confusion for employees and supervisors and may lead to morale problems if employees face job expectations that are beyond the scope of their job descriptions.
- F4.18 DAS does not limit state agencies to a specific job analysis, but suggests the use of the WRIPAC job analysis method which it uses. The following job analysis materials are available for download from the DAS web site or may be ordered in a diskette format:
- SME Instruction Form
 - Job Analysis Questionnaire
 - WRIPAC Process Spreadsheet and accompanying instructions
 - PSMQ Submission Checklist

The SME Instruction Form details the information that should be compiled from at least three “subject matter experts” (SME). SMEs should be very familiar with the position being analyzed and be able to offer insight to the duties involved.

The Job Analysis Questionnaire focuses on the “overall purpose” of the work sections to which employee are assigned. Additionally, the questionnaire provides information relative to the percentage of time employees spend on “the five most important duties” that they perform, as well as the tasks involved in fulfilling each duty. The questionnaires may be completed by an HR job analyst or by SMEs. Once completed, a job analyst, in collaboration with the SMEs, should identify task statements that should be able to answer the following questions:

- Performs what action? (verb)
- To whom or what? (object)
- To produce what? (supporting details)
- Using what tools, equipment, aids or processes? (supporting details)
- With what instructions or directions? (supporting details)

Tasks can be labeled according to the duties to which they are associated, such as 5-04 for task 4 of duty 5. The questionnaire also has sections regarding the operation of equipment related to the job, related certification/accreditation standards, essential knowledge, skills and abilities and any lead work/supervision related to the job. Knowledge, skill and ability

requirements are incorporated into KSA statements which are tied to specific tasks. SMEs use a task-KSA linkage rating form entitled Necessary Performance (NP) to rate how necessary each KSA is in order to perform each task. The NPs are used to establish an average value for each task-KSA combination and are compiled in the Weighted Linkage Report for a final measure of the importance of each task and KSA combination.

DAS also provides guidelines for monitoring position-specific minimum qualifications (PSMQs). Rule 123:1-7-04 of the Administrative Code requires that all positions with PSMQs be approved by DAS. PSMQs may fall into either of the following two categories:

- Education, training, experience and/or licensure that differ from what is currently outlined in the minimum qualifications that appear in a classification specification legally adopted by DAS. (For example, “valid commercial drivers license”)
- A restriction of the education, training and/or experience that is outlined in the minimum qualifications that appear in a classification specification legally adopted by DAS. (For example, “completion of an undergraduate degree program...”)

F4.19 ORC § 123.1-3-01 states that “ any classified employee of a state agency... may request a review of the classification of his or her position” and “requests for position audits shall generally be processed by the (agency) director without an on-site audit unless a substantial conflict in submitted documentation is found.” Although ORC gives employees the right to request position audits, ODE does not seem to be adequately prepared to fulfill such requests because it lacks an adequate mechanism to analyze job requirements and because it does not have a “job analysts” position dedicated to the job analysis function.

R4.13 ODE should consider using the WRIPAC job analysis method recommended by DAS for a thorough analysis of the actual duties performed by individual employees. Although the job analysis questionnaire provided by DAS covers thirteen pages, employees assisting as SMEs are not required to complete pages that are not related to their specific jobs. Furthermore, as recommended in **R4.7**, ODE should develop an HR “job analyst” position that would be responsible for overseeing the process including: distributing questionnaires to the SMEs and tallying the responses according to job classifications within each center/office. This HR position would also be responsible for performing an analysis of the responses to determine if employee classifications properly match the duties and whether employees have the necessary certification/accreditation standards, knowledge, skills and abilities for their designated job classifications. Since the completion of this type of job analysis is time intensive, it would be prudent to examine offices within one center at a time. Depending on the number of classifications involved in each office, it may take several weeks or months to complete an analysis of a particular center. Therefore, it may take more than one year to adequately analyze all of the centers/offices within ODE. However, the on-going benefits of such analyses could justify the time expended.

F4.20 As indicated by the responses to question three in **Table 4-7**, approximately one quarter of the *classified* employee (25.8%) disagreed that the tables of organization accurately depict their role in the current organizational structure. This response could be interpreted in two ways; these employees are not aware of where their positions are assigned within the tables of organization or they have seen copies of the recently revised tables of organization and they truly feel that their positions are misplaced. In either case, the key factor is whether employees are initially given copies of the table of organization for the center/office to which they are assigned and whether they are notified whenever there is a change that affects their position. Meanwhile, the respondents agreeing (50.3%) that the tables of organization reflect their roles, were largely from the *administrative/management* (71.4%) and the *educational consultant* (52.7%) categories. The variation in responses between employee groups seems to indicate that *administrative/management* employees and *educational consultants* have more knowledge of the organizational structure than classified employees.

R4.14 Once its tables of organization are revised as recommended in **R4.1**, ODE should make an effort to ensure that all employees have copies of the tables of organization for their center/office. Also, as changes are made in the tables of organization, supervisors should give copies of the revised tables to employees affected by the changes. Furthermore, if the tables of organization are developed in a format that can be posted on both ODE's Internet site and on its Intranet (**R4.3**), employees should be notified of those links so that they can have easy access to the entire set of organizational tables.

F4.21 As indicated by the responses to question four in **Table 4-7**, less than one third of the employees (30.8 %) felt that salary compensation levels are fairly matched to levels of job responsibility, skill and experience. Within the analysis of the responses within respondent classifications, the *classified* employees recorded the most dissatisfaction (62.9 %) with the present status of employee compensation. Meanwhile, the *educational consultants* registered the highest percentage (32.9%) of "agree" responses. This wide range of responses seems to indicate a satisfaction gap, related to salary compensation levels, between the *classified* and *educational consultant* employee groups.

According to HR records, ODE presently compensates five employees who work as assistant directors with director's pay. Also, there are several instances of assistant directors being paid at the associate director level and a few education consultants being paid at the assistant director level. The former HR director explained that sometimes employees are paid at salary levels above their designated classification because they have reached the maximum salary step in their classification based on years of service. Therefore, the only way to increase compensation for those employees is to pay them at a classification with a higher salary.

F4.22 According to the HR staff, ODE's implementation of the Hay Group recommendations has not been completed, either in developing job descriptions or formulating compensation based on high performance for support staff. This was also mentioned in the KPMG study.

R4.15 As mentioned in **R4.11**, ODE should continue to work with the union to clarify the status of *Education Consultants* as required by the SERB agreement. Furthermore, ODE should perform a salary compensation study as a follow up to the employee task analyses recommended in **R4.7**. Central to the purpose of the study should be the following objectives:

- Analyzing compensation across classifications to determine whether salaries increase proportionately in relation to a required increase in knowledge, skills and abilities
- Analyzing compensation across centers/offices to determine whether comparable salaries are paid for comparable positions within ODE's various work units
- Analyzing compensation across comparable agencies to determine whether ODE employees are paid at rates comparable to their counterparts in other agencies

Financial Implications: The median salary for the Educational Employee Consultant 3 classification is about \$54,000, while the median salary for the Administrative Assistant 2 classification is about \$30,000. Converting half (113 positions) of the Educational Employee Consultant 3 positions to Administrative Assistant 2 positions would potentially reduce annual salaries. However, since the SERB agreement protects the present salary levels of current Educational Employee Consultants, the potential savings would not be an immediate implication, but could be realized over time through attrition.

Special Staffing Provisions

F4.23 ORC§124.30 permits state agencies to appoint emergency, interim, temporary and intermittent employees. These appointments may be made to fill positions "without competition." However, emergency appointments are not to exceed 30 days and "in no case shall successive appointments be made." Similarly, temporary appointments are "not to exceed 6 months" and an interim appointment "shall be made only to fill a vacancy that results from an employee's temporary absence." Furthermore, interim appointments should be used only "to appoint existing employees to full time positions encumbered by other full time employees who are on approved leave." Therefore, interim appointments should continue only during such temporary periods of sickness, disability or other approved absence. Meanwhile, intermittent appointments are intended for "unclassified employees who work on irregular schedules determined by fluctuating demands of their work and are generally characterized as requiring less than 1000 hours per year."

F4.24 Even though special staffing considerations (**F.4-23**) can help, both long term and short term absence of co-workers often have an adverse impact on employees. However, internal cross-training and other preparations can help to reduce the negative effects of employee absences. **Table 4-8** depicts an analysis of responses to the survey questions pertaining to employees' perceptions of ODE's cross-training efforts, the status of temporary employees and concerns regarding absences due to long term leaves:

Table 4-8: Analysis of Employee Survey Responses (questions 6, 14, and 15)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
6. My office could effectively maintain productivity in the event of a short term absence because cross training has been implemented.	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.8	Total = 18.6% A - 4.3 E - 17.4 C - 28.9 O - 22.2	Total = 23.0% A - 25.7 E - 19.8 C - 23.7 O - 27.8	Total = 15.3% A - 15.7 E - 13.7 C - 16.5 O - 16.7	Total = 34.7% A - 42.9 E - 40.5 C - 24.7 O - 25.0	Total = 7.5% A - 11.4 E - 7.6 C - 5.2 O - 5.5
14. ODE's temporary employees are usually qualified and effective.	Total = 6.9% A - 4.3 E - 7.6 C - 7.2 O - 8.3	Total = 17.1% A - 14.3 E - 11.5 C - 27.8 O - 13.9	Total = 24.0% A - 35.7 E - 16.7 C - 22.7 O - 30.6	Total = 24.5% A - 22.9 E - 29.8 C - 21.6 O - 16.7	Total = 24.5% A - 21.4 E - 31.4 C - 18.6 O - 22.2	Total = 3.0% A - 1.4 E - 3.0 C - 2.1 O - 8.3
15. The system of replacing staff that are on long-term leave is effective.	Total = 17.1% A - 18.6 E - 15.2 C - 15.5 O - 25.0	Total = 16.8% A - 17.1 E - 15.2 C - 22.7 O - 5.6	Total = 27.2% A - 21.4 E - 30.6 C - 25.8 O - 30.6	Total = 30.5% A - 40.0 E - 32.1 C - 23.7 O - 25.0	Total = 7.5% A - 2.9 E - 6.1 C - 11.3 O - 11.1	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.7

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

F4.25 As indicated by the responses to question six in **Table 4-8**, a majority of the respondents in the *Administrative/Management* classification (54.3%) and a high percentage of those in the *Educational Consultant* (48.1%) classification felt positively about their ability to effectively maintain productivity due to the agency's cross training efforts. However, a majority of respondents in the *Classified* classification (52.6%) disagree. Meanwhile, only 30.4% of the respondents in the *Other* classification felt positive about the cross-training efforts.

Cross-training efforts normally affect employees involved in day to day operations and in direct service functions rather than in planning and management functions. Furthermore, ODE's employees working in *Classified* and *Other* positions would probably be most affected by the effort to use cross-training to ease problems due to short term absences. Therefore, the lack of confidence in this effort, as reflected by the responses of those working as *Classified* and *Other* positions, underscores the need for a cross-training program that focuses on positions involved in day to day operations and the delivery of services.

R4.16 ODE should implement a cross-training program that focuses on positions involved in day to day operations and in the delivery of services. The HR staff should lead an initiative to assist each center/office with a task analysis (**R.4-7**) to determine which key functional duties should be identified for the cross-training program and to designate which positions should be backed up with cross-trained staff. A side benefit to the cross-training effort would be the exposure to additional responsibilities and skills that some employees would not otherwise receive. This additional experience should prove to be valuable as employees strive for position reclassification changes or promotions.

F4.26 The responses to question fourteen in **Table 4-8**, regarding whether ODE's temporary employees were usually qualified and effective, indicated that less than a third (27.5%) of the respondents agreed. Meanwhile, those that disagree (41.1%), included half (50%) of the *administrative/management* category and slightly over half of (50.5%) the *classified* group. The responses to this question resulted in the closest agreement within the entire range of survey questions for these two categories of employees. Since temporary employees usually work in classified positions, the responses seem to indicate that their perceived lack of qualifications and/or effectiveness equally affects both their co-workers and the managers who supervise them. Another concern expressed by the former HR director in this area is that temporary employees are often permitted to work beyond the 30-day appointment limit.

R4.17 ODE should review its process monitoring the legal limitations on special appointments listed in **F4.23** and enact an internal mechanism for replacing appointments that have reached those limits. Also, ODE should reexamine the process used to recruit temporary employees and focus on a procedure for ensuring that candidates have the proper qualifications to perform the work required in the positions being filled. A task rating system, such as the task-KSA linkage rating that is used in the WRIPAC job analysis method proposed in **R4.12** could be a useful tool for ODE to consider in matching candidate qualifications to job requirements.

F4.27 As indicated by the responses to question fifteen in **Table 4-8**, employee perceptions regarding the system of replacing staff that are on long-term leave are not positive. Only a small minority (7.6%) of the respondents felt that the system of replacing staff that are on long-term leave was effective. Meanwhile, 44 per cent of the respondents thought that ODE's practices involving staff on long-term leave were ineffective. Of the respondents disagreeing, those employees in the classified group most clearly disagreed (48.5%).

F4.28 According to the previous HR director, there have been incidents of hiring and promotions without the approval of the staffing committee or posting of the position. In previous years, the staffing committee had to approve position requests before the positions were posted. The staffing committee maintained information on ceilings for each division and the ODE overall. The staffing committee also tracked positions and approved staffing requests to

ensure the ODE ceiling was not exceeded. However, as mentioned in **F4.52**, the staffing committee (HR Liaison Committee) is no longer a working committee at ODE.

R4.18 ODE should review its procedures for replacing employees who are absent due to long-term leaves to ensure that state law and DAS directives are followed when assigning replacement employees. Special attention should be focused on the limitations (**F4.23**) involved in using emergency, temporary and interim employees to fill the positions of employees who are absent on long term leaves. Additionally, since the survey responses indicated that employees in the classified group appeared to be most concerned, ODE should work with the union to determine more specific issues that may be inherent in these concerns.

Position Qualifications

F4.29 Aside from concerns over the use of special appointments to fill temporary vacancies due to long-term absences, employees appear to also have concerns regarding the qualifications of permanent appointments. **Table 4-9** depicts an analysis of responses to the survey questions that are related to these concerns:

Table 4-9: Analysis of Employee Survey Responses (questions 16 and 19)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
16. Classified positions requiring specific job qualifications are usually filled properly.	Total = 7.8%	Total = 13.5%	Total = 26.6%	Total = 26.0%	Total = 24.9%	Total = 1.2%
	A - 7.1	A - 11.4	A - 32.9	A - 22.9	A - 25.7	A - 0
	E - 11.5	E - 12.2	E - 27.5	E - 21.4	E - 26.7	E - 0.8
	C - 3.1	C - 18.6	C - 22.7	C - 33.0	C - 21.6	C - 1.0
	O - 8.3	O - 8.3	O - 22.2	O - 30.6	O - 25.0	O - 5.6
19. The process for job posting, recruiting and hiring new employees is effective.	Total = 4.5%	Total = 16.8%	Total = 25.4%	Total = 29.6%	Total = 18.9%	Total = 4.8%
	A - 2.9	A - 17.1	A - 31.4	A - 30.0	A - 14.3	A - 4.3
	E - 3.8	E - 16.8	E - 21.3	E - 29.8	E - 22.9	E - 5.4
	C - 6.2	C - 17.5	C - 24.7	C - 30.9	C - 16.5	C - 4.2
	O - 5.6	O - 13.9	O - 30.6	O - 25.0	O - 19.4	O - 5.5

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

F4.30 Responses to question sixteen in **Table 4-9** pertain to employee perceptions regarding whether classified positions that require specific job qualifications are usually filled properly. Approximately a quarter of the respondents (26.1%) agreed with the statement while 40.1 per cent disagreed. Furthermore, the group responses for *administrative/management* (44.3%), *educational consultants* (39.7%), and *classified* employees (41.3%) consistently disagreed. This consistent level of disagreement appears to indicate a widespread feeling that classified positions requiring specific job qualifications are not usually filled properly. The former HR director indicated that classified positions may not be filled properly if unqualified temporary employees are left in a position beyond the six month limit (**F4.23**)

while managers reject qualified candidates that are sent for interviews. Furthermore, the former HR director indicated that program directors sometimes attempt to circumvent the internal hiring procedures that have been established in order to interview candidates and fill vacancies at their own discretion. Consequently, HR issued a memo and a hiring flow chart to management emphasizing the following employment steps:

- Directors and/or assistant directors will initiate the process by completing the “position request form”
- The position description is upgraded, attached to the form and the PCN is verified
- Signatures of the office director and center associate superintendent/executive director is obtained and the forms are forwarded to HR
- HR will log in and process the request to the department of accounts
- Department of accounts will verify funding and forward the request to the deputy superintendent
- If approval is received from the deputy superintendent, HR will verify posting requirements for the vacancy and process the vacancy posting
- Applications will be submitted to HR and entered into the applicant tracking database. At the close of the posting, HR will forward the applicant file to the office of the director/assistant director who initiated the position request form.
- The director/assistant director will conduct interviews and check for references for the top candidate (minimum of three reference checks)
- If the position is unclassified, the office director/assistant director must verify the salary offer with HR prior to offering the position
- Candidate is offered conditional employment and the Reference Check Form, Applicants Interviewed Form and Applicant Nomination Form are completed and sent to the center associate superintendent for approval and forwarded to HR
- If the candidate is a new employee, a drug screening must be arranged within three days. Once results of the drug screening and background check are completed, HR notifies the office director/assistant director and a start date is agreed upon.
- A letter of notification is sent to the employee

C4.2 The HR staff has attempted to communicate its preferred internal hiring procedures to ODE’s directors through memorandum and the issuance of a hiring flow chart that graphically depicts the steps required to process a legitimate hiring.

R4.19 ODE should renew its effort to enforce DAS’s guidelines (**F4.23**) pertaining to the proper assignment of new employees to vacant positions. Special concern should be directed at the vacancies related to classified positions requiring specific job qualifications. Furthermore, ODE should institute sanctions for its directors who attempt to circumvent its internal hiring procedures as outlined in the hiring flow chart (**C4.2**).

F4.31 As indicated by the responses to question nineteen in **Table 4-9**, employee perceptions regarding the process for job posting, recruiting and hiring new employees are generally not positive. Only 23.7 percent of the respondents agreed that processes involved in hiring new employees were effective. Meanwhile, 42.2 percent of the respondents disagreed and those disagreeing included 48.5 percent of the administrative/management group, 38.1 percent of the educational consultants, 42.2 percent of the classified group and 34.5 percent of the other category. The KPMG study also linked concerns regarding hiring of new staff to general staffing concerns.

R4.20 ODE should attempt to better estimate the total number of employees required to perform specific functions. Specifically, ODE should try to apply the following formula that was suggested by KPMG for converting workload into FTEs:

$$\text{workload (volume)} \quad \left| \begin{array}{l} \times \\ \text{work effort per} \\ \text{unit (time)} \end{array} \right| = \text{total level of effort (time)} \quad \left| \begin{array}{l} = \\ \text{human resource} \\ \text{requirement (FTEs)} \end{array} \right|$$

Workloads should be determined by using historical trends, staff estimates and/or client forecasts, while work effort should be determined through staff estimates of the time required, benchmarks and/or sample testing to determine the time requirements. The total human resources required (FTEs) would then be the ensuing cross product of workload and work effort. For example, applying the formula to a hypothetical workload of fifty tasks each requiring a work effort of fifty workdays (50 tasks X 50 working days @ task = 2500 work days = 10 FTEs) would suggest that a total of ten FTEs are needed to complete the work example.

Staff Development

F4.32 Although the management of ODE conducts evaluation of employees and sponsors various staff development training activities, the perceived adequacy of these efforts varies. **Table 4-10** displays an analysis of the responses to the survey questions that relate to employees' perceptions of ODE's various staff development training activities:

Table 4-10: Analysis of Employee Survey Responses (questions 9, 10 and 20)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
9. I have been encouraged to implement a professional development plan that relates to ODE's strategic plan as well as to my center's/office's goals and objectives.	Total = 2.7% A - 0 E - 1.5 C - 3.1 O - 11.1	Total = 8.1% A - 4.3 E - 11.5 C - 4.1 O - 13.9	Total = 13.1% A - 10.0 E - 12.3 C - 14.4 O - 19.4	Total = 17.7% A - 14.3 E - 19.1 C - 18.6 O - 16.7	Total = 43.7% A - 40.0 E - 40.4 C - 54.6 O - 33.3	Total = 14.7% A - 31.4 E - 15.2 C - 5.2 O - 5.6
10. ODE's staff training offerings effectively relate to my professional needs.	Total = 2.7% A - 0 E - 3.1 C - 3.1 O - 5.6	Total = 13.5% A - 11.4 E - 12.2 C - 12.4 O - 25.0	Total = 29.3% A - 30.0 E - 32.0 C - 30.9 O - 13.9	Total = 27.8% A - 35.7 E - 27.5 C - 24.7 O - 22.2	Total = 23.4% A - 22.9 E - 20.6 C - 24.7 O - 30.6	Total = 3.3% A - 0 E - 4.6 C - 4.2 O - 2.7
20. Employees are trained to keep abreast of new technology as it is implemented.	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.9	Total = 16.5% A - 10.0 E - 17.4 C - 20.6 O - 13.9	Total = 29.9% A - 35.7 E - 23.7 C - 33.0 O - 33.3	Total = 26.0% A - 34.3 E - 23.7 C - 25.8 O - 19.4	Total = 22.5% A - 15.7 E - 31.4 C - 16.5 O - 19.4	Total = 4.2% A - 4.3 E - 3.0 C - 3.1 O - 11.1

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondents classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

F4.33 As indicated by the responses to question nine in **Table 4-10**, a majority (58.4%) of employees responding had positive perceptions regarding ODE's effort to tie professional development plans to its strategic planning process. Although there was some variation between the level of agreement among employee classification groups, each group except the "other" classification had a majority responding favorably.

C4.3 As indicated by the responses to question nine of the employee survey, it is apparent that ODE has effectively communicated its strategic planning efforts to its employees. Now the apparent need is to tie staff development to the center/office goals and objectives that have been established. By reviewing a random sample of work plans, ODE has attempted to identify staff's expressed needs for professional development and develop appropriate offerings and/or communicate existing offerings to employees.

F4.34 As indicated by the responses to question ten in **Table 4-10**, only 26.7 percent of the respondents agreed with the perception that ODE's staff training offerings effectively relate to their professional needs, while 42.8 percent disagreed. Furthermore, only 3.3 percent of the respondents "strongly agreed", which seems to underscore a lack of correlation between training and professional needs and/or may indicate a general dearth of training opportunities.

F4.35 Training opportunities at ODE seem to depend on whether the employee is classified or unclassified. For example, there is a Workforce Development Fund that is available to classified employees, through the union. Furthermore, DAS publishes a catalogue of

training opportunities, but these offerings are apparently viewed by employees as more relevant for classified than unclassified staff. If an employee wants to attend a training activity sponsored by DAS, they must have supervisor approval. The cost for training generally comes out of the individual division budget. Furthermore, KPMG also recommended that ODE "identify the different training sources and opportunities available to employees in a training guide."

R4.21 ODE should make an effort to tie staff training to the professional needs of its employees. Additionally, as ODE develops training opportunities and compiles a training guide, it should link training opportunities to the goals of its strategic plan. (Please see the **strategic planning** section of this report for further information.) Furthermore, ODE should try to coordinate its staff development efforts with the training opportunities already offered by DAS (**F4.66**).

F4.36 As indicated by the responses to question twenty in **Table 4-10**, only 26.7 percent of the respondents indicated confidence in the technology training, while 46.4 percent felt that employees were not adequately trained to keep abreast of new technology. Of those responding in the negative, the *classified* employees (53.6 %) were the group responding in most disagreement. Meanwhile, over a third (34.4%) of the *educational consultants* responding felt that they were being trained to keep abreast of new technology

F4.37 According to the former HR director, technical assistance at ODE is developed and provided programmatically as determined by the needs of each division within the ODE. However, the apparent lack of coordination between and among the different programmatic offices splinters these efforts. Furthermore, as mentioned in **F4.8**, staff development within ODE is not centrally coordinated through one department such as HR or the office of Organizational Development.

R4.22 ODE should review its procedures for providing employees with adequate technical training to ensure that all employees receive training in areas such as word processing software, electronic spreadsheet applications and electronic mail features. Furthermore, this effort should be first focused on the *classified* employees since the employee survey results indicated such a high degree of dissatisfaction among this employee group.

R4.23 ODE should develop a master plan for staff development that is coordinated through HR and the office of Organizational Development. Such a plan should be linked to ODE's strategic plan and its budget. Furthermore, the master plan should have provisions by which supervisors are trained in using training opportunities to improve the performance of marginally effective employees. Since implementing this recommendation would require on-going coordination between the HR staff and the office of Organizational Development, it reinforces the previous recommendation (**R4.6**) that the office of Organizational Development be placed under the supervision of the HR director.

F4.38 The state of Ohio and OCSEA/AFSCME Local 11 have established Workforce Development, a joint labor-management partnership to develop and support a wide range of workforce skill building opportunities. These opportunities include the following:

- Technical and computer skills training
- Tuition assistance, both reimbursement and vouchers
- Workplace redesign and technological change
- Labor-management relationships and problem-solving skills
- Agency-specific projects

A joint labor-management steering committee with equal representation from management and OCSEA/AFSCME governs Workforce Development. The program is funded by the state of Ohio and state employees represented by OCSEA/AFSCME Local 11. According to article 37.02 section C of OCSEA's bargaining agreement with the state, "the employer contributes ten (\$.10) cents for each hour in active payroll status, including sick leave, for each bargaining unit employee and whereby each bargaining unit employee contributes five (\$.05) cents for each hour in payroll status ... to the Workforce Development Fund". Contribution to the fund ceases if and when the assets of the fund reach \$12 million.

As of April 30, 1999, eligible classified employees have up to a total of \$4,250 available per fiscal year divided among three major programs:

- TAP (Tuition Assistance Program): \$2,500
- CET (Computer Enrichment Training): \$750
- PDP (Professional Development Program): \$1,000

During FY 97-97 only 17 eligible ODE employees took advantage of the programs for a total of \$12,796 in benefits, while 37 employees accumulated \$21,773 in benefits during FY 98-99. An employee cannot transfer funds from one program to another and unused funds cannot transfer to the following fiscal year.

R4.24 ODE should consider an internal advertising campaign to encourage its classified employees to take advantage of the benefits of participating in the various Workforce Development programs. Furthermore, since the program makes provisions for agency-specific projects, ODE should collaborate with the union to develop proposals for staff development projects which may be funded in whole or partially through the Workforce Development fund.

Employee Performance Appraisal

F4.39 DAS directive 123:1-29-01, entitled Performance Evaluation, states that “classified state employees... shall be rated or evaluated with respect to performance efficiency twice during the employee's probationary period and once during each calendar or anniversary year.” **Table 4-11** displays an analysis of the responses to the survey questions that relate to ODE’s employee performance appraisal process:

Table 4-11: Analysis of Employee Survey Responses (questions 11 and 12)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
11. I receive an annual evaluation that provides relevant feedback on my job performance.	Total = 7.2%	Total = 24.0%	Total = 23.6%	Total = 14.4%	Total = 22.1%	Total = 8.7%
	A - 4.3	A - 21.4	A - 35.7	A - 14.3	A - 15.7	A - 8.6
	E - 6.9	E - 26.7	E - 26.0	E - 13.7	E - 18.3	E - 8.4
	C - 5.2	C - 25.8	C - 14.4	C - 15.5	C - 29.9	C - 9.2
	O - 19.4	O - 13.9	O - 16.6	O - 13.9	O - 27.8	O - 8.3
12. The instrument by which staff members are evaluated is effective.	Total = 14.7%	Total = 21.3%	Total = 27.8%	Total = 18.7%	Total = 15.0%	Total = 2.7%
	A - 7.1	A - 21.4	A - 32.9	A - 21.4	A - 12.9	A - 4.3
	E - 22.1	E - 19.8	E - 18.3	E - 24.4	E - 14.5	E - 0.9
	C - 6.2	C - 27.8	C - 33.0	C - 15.5	C - 15.5	C - 2.1
	O - 25.0	O - 8.3	O - 38.9	O - 13.9	O - 13.9	O - 0

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

F4.40 As indicated by the responses to question eleven in **Table 4-11**, only 30.8 percent of the respondents indicated a belief that employee evaluations occur on an annual basis and provide relevant feedback on employees’ performance. This is consistent with the following finding from the KPMG study: “Appraisals are not performed consistently throughout the ODE. Although annual performance appraisals for all employees are required, it is estimated that only 60% of the required appraisals are completed.” Additionally, of the employees responding to a KPMG survey, only 43% agreed to the question, “I receive a formal performance appraisal at least once per year.” Furthermore, although DAS guidelines specifically require annual evaluations, there is no reference to annual evaluations in ODE’s Human Resources - Employee Handbook.

F4.41 The following steps are to be used as guidelines for completing performance appraisals:

- HR receives notification from Department of Administrative Services (DAS) indicating which employees are due for an appraisal. DAS sends this information about twice a year.
- HR then notifies the division director that it is time to complete the appraisal.
- Once the appraisal is complete, it is returned to HR where it is sent to DAS and placed in the employee file.

Although the completed performance appraisal forms are returned to HR, the HR staff does not attempt to determine the percentage of required appraisals completed within each center/office. Furthermore, there is no record kept of number of appraisals completed by each manager.

R4.25 ODE should amend its Human Resources - Employee Handbook to include a specific policy regarding evaluating all employees on an annual basis. Furthermore, the HR staff should formally track supervisors' efforts in completing employee appraisals and report the completion rate to the superintendent on a quarterly basis. The KPMG study included a similar recommendation: "The Superintendent should immediately enforce the completion of appraisals for all employees."

F4.42 As indicated by the responses to question twelve in **Table 4-11**, the respondents generally felt that the instrument by which staff members are evaluated is ineffective. Almost half (49.1%) of the respondents felt that the evaluation instrument used by ODE was not effective, while only 17.7 percent thought it was effective. This response seems to be consistent with the following statements from the KPMG study: "Performance appraisals are not goal oriented or mapped to ODE strategic goals. Individual performance goals are not developed and systematically tied to Department strategic goals. The format of the appraisal forms is a generic checklist that does not allow supervisors to identify specific goals." A 1997 article in the Washington Business Journal stated that the following four areas should be emphasized when reviewing performance appraisals:

- Training - Do an excellent job of training everyone on how to give performance feedback and how to receive this feedback
- Goal setting - specific, clear and measurable goals help to motivate employee performance, while increasing employee ownership and accountability
- Core behaviors - the day-to-day actions and competencies of employees that contribute to positive performance outcomes
- Multi-source assessments - "360 degree feedback" that captures the combined view of supervisors, peers, colleagues and direct reports

F4.43 Several state departments of education have excellent employee performance appraisal policies and procedures. The procedures from the following states have been reviewed for this audit: California, Georgia, Minnesota, Missouri, Montana, New Mexico, Pennsylvania, Texas, and Virginia.

The California process includes a "Reviewee's Self-Assessment Process" which includes:

- a review of the individual's duty statement and position on the organizational chart
- a review of the mission and goals of the individual's branch/division

- a review of achievement of goals and objectives for which the individual has responsibility under the department's strategic plan
- a review of work/assignment goals
- a review of personal action goals
- written responses to the following questions
 - What is your most important job responsibility?
 - What do you do well in your job?
 - What do you have difficulty doing in your job?
 - Is there anything that you currently not do that you would like to do?
 - What do you need more or less of from management to do a better job?
- written preparation of 3-5 major work/assignment goals for the next year.
- written preparation of several personal action goals for the coming year.

The expressed purpose of a self-assessment process is "to encourage dialog between the reviewer and reviewee about the reviewee's assignment and performance of that assignment." Additionally, "the reviewer has the primary responsibility for completing the performance evaluations of all employees reporting to him/her." Furthermore, "the reviewer's supervisor is responsible for reviewing each reviewee's completed performance evaluation documents for consistency within a larger organizational structure and for signing the certification form."

The Minnesota Department of Education uses an "employee preparation worksheet" that is similar to California's self-assessment process. Meanwhile, the Montana Office of Public Instruction incorporates an employee self-assessment as an integral part of its performance appraisal process. The employees complete the self-appraisal based on individual performance standards for their positions. Montana's Performance Appraisal Manual directs supervisors to compare the employee's self-assessment to their assessment so that the comparison can be used as the basis for the appraisal meeting. During the appraisal meeting the supervisors are instructed to first "direct the discussion to areas of agreement". The manual further states that this practice "creates an atmosphere of mutual agreement ... then the discussion can be directed to areas where there are differences between the two assessments."

The Georgia Department of Education uses the state's Performance Management Process (PMP) which includes four key phases:

- Planning Phase - manager develops an individual performance plan with input from the employee, that clearly defines job responsibilities, expectations, and measures
- Coaching Phase - manager documents employee performance and gives feedback at least once during the year using a management review form
- Evaluation Phase - manager and employee review the manager's assessment of the employee's performance as measured against defined expectations

- Development Phase - manager and employee collaborate on setting specific performance expectations and development goals for the next PMP cycle

The PMP is tied to a performance management calendar that guides managers as to when each step of the process should be completed during the year. Additionally, the performance management form must be complete any time an employee is being considered for a salary increase.

The Missouri Department of Elementary and Secondary Education also emphasizes planning and coaching with the use of an "Initial Planning and Interim Conference Form". Meanwhile, the employee performance review (EPR) process used by the Pennsylvania Department of Education requires personnel officers to "train supervisors and managers in the use of the EPR and the development of standards/expectations."

R4.26 ODE should emphasize training, goal setting, core behaviors and multi-source assessments in its employee performance appraisal process. Additionally, ODE should consider including a reviewee self-assessment step as is completed in California and consider implementing planning and coaching phases as is the practice in Georgia. Furthermore, ODE should emphasize the training of supervisors in the implementation of the employees' performance appraisal process as is the procedure in Pennsylvania.

F4.44 ODE University has not become the comprehensive staff training program that was originally envisioned. According to ODE staff, the program has not recently offered any staff development opportunities. The staff of the Office of Organizational Development is presently working on a new process for helping employees develop individual work plans.

The Montana Office of Public Instruction includes an "action plan" and a "work plan" as formal sections within its employee performance evaluation supplement. The action plan contains "a proposed resolution (a plan of correction) for performance items marked needs improvement" or unsatisfactory and an achievement date by which the plan of correction is to be implemented." The work plan component contains "specific statements of significant job-related accomplishments the employee is expected to achieve by the next performance evaluation. These items have been discussed by the employee and supervisor and each agrees that these items will improve overall job performance." Meanwhile, the New Mexico Department of Education incorporates a similar process entitled the "employee development plan" within its employee evaluation process. Furthermore, the Texas Education Agency links professional development to performance appraisal with its Performance Assessment and Development Plan that is centered on evaluating the employee's effectiveness in pursuing and obtaining training to improve job performance, while identifying areas for self-improvement.

R4.27 ODE should make an effort to formally link Individual Professional Development Plans (IPDP) to employee performance appraisals as practiced at the Montana Office of Public Instruction, the New Mexico Department of Education and the Texas Education Agency. Additionally, as the KPMG study emphasized, ODE should consider IPDPs based on a matrix that includes four areas of development: Knowledge, Skills, Behaviors and Practices. **Table 4-12** illustrates a sample IPDP matrix:

Table 4-12: Individual Professional Development Plans Matrix

	Goal	Measures	Actions	Coaching
Knowledge				
Skills: human skills technical skills analytical skills conceptual skills organizational skills				
Behaviors				
Practices				

Source: 1999 KPMG Management Study

An IPDP matrix should be used to answer the following questions relative to the four developmental areas:

- **Goal** - What do you want to do?
- **Measures** - How will you know when you have achieved it?
- What would good performance for your job look like?
- **Actions** - What steps do you need to take to get there?
- **Coaching** - What can I do to help you?

Vendor Contracts

F4.45 Only contract logs for FY '98-'99 and FY '99-'00 were available for the analysis included in this report. The logs were sorted by division and amount to determine the extent to which centers/offices use outside contractors. As evidenced by **Table 4-13**, ODE relies heavily on outside contractors.

Table 4-13: ODE Vendor Contracts FY 1998 - 1999 compared to FY 1999 - 2000

Division	Amount 1998 - 1999	Amount 1999 -2000
Administration	\$ 797,655	\$ 809,362
Assessment and Evaluation	\$ 653,356	\$ 951,190
Blind School	\$ 0	\$ 34,061
Board Relations	\$ 23,000	\$ 0
Career Technical and Adult	\$ 0	\$ 199,750
Child Nutrition Services	\$ 647,204	\$ 972,335
Cleveland Scholarship	\$ 877,995	\$ 175,800
Communications	\$ 3,000	\$ 22,890
Community Schools	\$ 0	\$ 6,430
Comprehensive School Improvement	\$ 0	\$ 2,500
Department Accounts	\$ 6,000	\$ 0
Document Management	\$ 0	\$ 8,750
Early Childhood Education	\$ 152,250	\$ 367,062
Family and Children First	\$ 124,450	\$ 26,140
Federal Assistance	\$ 63,225	\$ 0
Goals 2000	\$ 13,370	\$ 0
Governor's Commission on Student Success	\$ 0	\$ 2,000
Grants Management	\$ 35,500	\$ 37,000
Human Resources	\$ 7,800	\$ 135,500
Information Management Systems	\$ 204,180	\$ 2,551,400
Internal Operations	\$ 0	\$ 15,000
Legal	\$ 361,963	\$ 738,928
Local Report Cards/Report Card	\$ 0	\$ 386,197
ODE/Board of Regents	\$ 188,000	\$ 0
Ohio Family & Children First	\$ 0	\$ 2,375
Ohio Reads	\$ 0	\$ 19,000
Ohio School to Work	\$ 0	\$ 8,400
Organizational Development	\$ 0	\$ 69,500
Policy, Research, & Analysis	\$ 179,890	\$ 610,900
Professional Conduct	\$ 0	\$ 605,000
Professional Development	\$ 853,656	\$ 532,848
School Finance	\$ 318,400	\$ 933,366
School Options	\$ 0	\$ 179,972
School to Work	\$ 579,327	\$ 8,400
Special Education	\$ 293,572	\$ 462,300
Standards and Assessment	\$ 0	\$ 3,000
Student and Family Programs	\$ 0	\$ 36,785
Student Development	\$ 635,854	\$ 634,165
Superintendent	\$ 0	\$ 45,100
Supportive Learning Environment	\$ 0	\$ 1,800
Teacher Certification	\$ 21,600	\$ 47,030
Urban Schools Initiative	\$ 210,100	\$ 92,000
Vocational Education	\$ 530,805	\$ 696,939
No division listed	\$ 3,950	\$ 0
Total	\$ 7,786,102	\$ 12,431,175

Source: ODE Contract logs for FY 1998 - 1999 and FY 1999 - 2000

F4.46 Monitoring the compensation of outside contractors appears to be a weak area within ODE. Although the amount of compensation for each contractor is determined by the programmatic office that requests the service, it appears that there is no connection between the hiring of individual contractors and a program office's budgetary practices.

Since the various programmatic offices that usually execute these contracts do not have specific program budgets, there is no clear budgetary relationship between the requests for vendor contracts and the decision to approve or disapprove them. Additionally, as indicated in **Table 4-13**, there does not appear to be any direct relationship between the amount that a program/office spends on contractors and the program/office's annual budgetary allotment for hiring outside help. For example, **Table 4-2** indicates that HR had expenditures for Personal Service Contracts during FY 98-99 (\$20,231) and FY 99-00 (\$16,778), yet **Table 4-13** indicates that HR spent \$7,800 during FY 98-99 and \$135,000 during FY 99-00 on contractors. Although the department of accounts verifies general funding availability, it does not seem to further monitor vendor contracts unless the contract exceeds \$3,000 per day or \$50,000 in total.

R4.28 ODE should establish specific program budgets so that there can be a clear budgetary relationship between requests for vendor contracts and the decision to approve or disapprove them. Furthermore, ODE should write clear policies dictating a direct relationship between the amount that a program/office spends on contractors and the program/office's annual budgetary allotment of funds for hiring outside help.

F4.47 DAS's December, 1999 directive 00-10, entitled Independent Contractor Guidelines, states that "appointing authorities with service needs that cannot be fulfilled with traditional employee appointment(s) may enter into a personal services agreement and contract(s) for the performance of those services. Care should be taken to distinguish between a contract employee and an independent contractor." The directive further states the following characteristics of an independent contractor:

- An independent contractor is paid a fee or other payment by contractual arrangement for particular services.
- Personnel of the appointing authority do not control or supervise the manner of an independent contractor's work.
- Independent contractors are not eligible for employee fringe benefits, such as vacation or sick leave and do not appear on a public payroll.
- Independent contractors are generally required to provide and pay assistants if necessary.
- Independent contractors receive a Form 1099 for income tax reporting purposes and are not eligible for workers' compensation.

R4.29 ODE should develop more detailed policies and procedures regarding the use of outside contractors. Included in the policies should be specific situational descriptions of not only when the use of outside contracts are legitimate, but also how specific internal budgets are to be related to the funding and the decision to approve or disapprove these contracts. Furthermore, since “control” is the common criteria established by the Internal Revenue Service (IRS) and the Public Employees Retirement System (PERS) in determining whether a particular individual is a contract employee or an independent contractor, ODE should examine the status of each of its contractors against the following guidelines suggested by DAS (directive 00-10) to determine whether the worker should be considered a regular employee. A worker should ordinarily be considered a regular employee when:

- A worker is required to comply with instructions about when, where and how the worker is to work. (The employers right to instruct, not the actual exercise of the right is important.)
- Training of a worker by an experienced employee who works with the worker is a factor indicating control because it indicates that the employer wants the services performed in a certain manner.
- If services must be rendered personally and the employer is interested in who does the job, as well as in getting the job done, it indicates that the employer is interested in the methods used and thus favors employment.
- The existence of a continuing relationship between the worker and the employer tends to indicate an employer-employee relationship.
- If the employer sets the hours of work, that is indicative of control.
- Someone who works full time is normally considered an employee.
- If the work is performed on the employer’s premises, an element of control is implied, especially if the work could be conducted elsewhere.
- Employees are typically compensated for work done by the hour, week or month, whereas independent contractors are paid by the job or on a commission basis.
- If workers’ services can be contracted by the general public, they would tend to be independent contractors.
- An employer has the right to discharge an employee, while the services of an independent contractor are terminated for breach of contract.
- If there is an opportunity for profit and loss, the worker is likely to be an independent contractor.

F4.48 DAS’s December, 1999 directive 00-10, further stipulates that a determination must be made as to whether the worker’s function is inherently governmental. That is, “whether the worker’s function is so intimately related to the public interest that the work must be performed by a governmental employee.” In this determination, DAS suggests asking the following questions:

- Is the work to be performed policy making or managerial in nature? (In most instances, policy should be established by a governmental employee.)
- Is the contract being used to bypass personnel ceilings, pay limitations or employment procedures?
- Is the contract to be given to a former agency employee?
- Will the contractor aid in influencing or enacting legislation?
- Is the contractor's expertise available within the agency or from another agency?

Furthermore, if contractors are being used to bypass personnel ceilings or employment procedures, they are also bypassing the routine criminal background checks that regular employees must pass. ODE, as do most state agencies, relies on the Bureau of Criminal Investigation (BCI) to complete the criminal background checks of potential employees. However, background checks are not required for contractors or temporary employees.

R4.30 ODE should use the guidelines suggested by DAS to analyze each contractor's function in order to determine whether it is so intimately related to the public interest that the work must be performed by a governmental employee. If the answers to any of the questions in **F4.48** are yes, the worker's function is probably governmental and therefore, should be performed by a regular employee. In such cases, every effort should be made to place the individual into an appropriate employee job classification. However, in any case, ODE should consider requiring all contractors, who work beyond the six-month limit for temporary employees, to submit to the same criminal background checks as do regular employees.

F4.49 The vendor contract logs for FY '98-'99 and FY '99-'00 were further sorted by vendor identification numbers to determine the extent to which centers/offices use vendors on multiple agreements. **Table 4-14** displays an analysis of the number of multiple contracts issued by ODE's centers/offices during FY 98 - 99 and FY 99 - 00

Table 4-14: Multiple Vendor Contracts FY 98 - 99 and FY 99 - 00

Contracts	FY 98 - 99	FY 99 - 00	Combined FYs 98 - 00
Singular contracts	385 (385 vendors)	429 (429 vendors)	519 (519 vendors)
Dual contracts	270 (135 vendors)	146 (73 vendors)	354 (177 vendors)
Triple contracts	45 (15 vendors)	63 (21 vendors)	312 (104 vendors)
Quadruple contracts	28 (7 vendors)	36 (9 vendors)	152 (38 vendors)
Five contracts	5 (1 vendors)	15 (5 vendors)	55 (11 vendors)
Six contracts	0	12 (2 vendors)	18 (3 vendors)
Seven or more contracts	0	0	24 (3 vendors)
Total contracts	733 (543 vendors)	701 (539 vendors)	1434 (855 vendors)

Source: ODE Contract logs for FY 1998 - 1999 and FY 1999 - 2000

As shown in **Table 4-14**, ODE has issued many multiple contracts over the last two fiscal years. During FY 98-99 there were 158 vendors who were issued multiple contracts, 110 vendors were issued multiple contracts during FY 99-00 and 246 vendors were issued multiple contracts over the combined two year period. These multiple contracts appear to conflict with the fourth DAS guideline for determining “control” (**R4.29**) because they “indicate the existence of a continuing relationship between the worker and the employer (which) tends to indicate an employer-employee relationship.” Furthermore, multiple contracts may be viewed as being “used to bypass personnel ceilings, pay limitations or employment procedures” (**F4.48**)

R4.31 ODE should carefully review all instances of multiple contracts that were issued over the last two fiscal years. During this review, each contract should be scrutinized in terms of DAS’s guidelines pertaining to employer “control” (**R4.29**) and the guidelines pertaining to the determination of whether the contractors’ functions are inherently governmental (**F4.48**).

F4.50 ODE’s frequent use of independent contractors seems to be affected by the apparent lack of competitive bidding with many contracts. A review of OBM’s Controlling Board’s agendas from May 22, 2000 through October 30, 2000 revealed ten instances in which ODE requested and received the controlling board’s permission to “waive competitive selection”. The ten contracts were for varying amounts totaling over a million dollars (\$1,125,889) during the five-month period. Furthermore, some of these waivers involved individuals or entities that were issued multiple contracts during the last two fiscal years.

R4.32 ODE should create a clear and concise policy regarding the practice of requesting “competitive selection” waivers from OBM’s Controlling Board. The policy should be worded to ensure that ODE program directors do not request waivers for contacts that involve individuals or entities that may be construed to have a continuing relationship with ODE or any other indications that the contracted function is inherently governmental as described in the DAS guidelines (**F4.48**).

Committees

F4.51 ODE has no formal policy regarding the role of committees within its organizational structure. Furthermore, there is no guiding policy on the formation and composite of committees. Key committees currently operating within ODE include:

- Senior Leadership Team – made up of ODE’s senior management
- Policy Leadership Team – made up of ODE’s upper management
- Customer Service Committee – made up of a representative from each office. The Ombudsperson heads this committee.

F4.52 Some of the previous ODE committees which are no longer functioning include:

- HR Liaison Committee – a representative from each office sat on the committee. The members received updated HR policy information, discussed office security issues, and provided reports on work that may have impacted other offices.
- Payment Process Committee – this committee was charged with developing a uniform payment process. Since IMS was heading up the conversion to Oracle Financials Software, this approach changed with IMS implementing a project management philosophy and assuming lead responsibilities.
- Field Staff Committee – members of this committee came from the offices with field staff (i.e., offices with individuals who are out of the office at least 50% of the time, and who report directly to a site other than the central/regional office) to develop Departmental procedures to account for field staff. A representative from Internal Audits, the HR director and comptroller were also members of the committee.

F4.53 The following committees operated in conjunction with the State Board of Education:

- Executive Committee – made up of the officers and the parliamentarian and the chairs of active committees – chaired by the board president.
- Strategic Plan Committee – chaired by the board president.
- Appointments Team – three members who recommend to the board the names of persons to serve on Board and Commissions that have membership appointed by the State Board. As per the director of board relations, "there are no standing committees, but the president may appoint members to serve on ad hoc committees." For example, earlier this year, four members were asked to serve on a committee to review the Riser Academy information for the hearing. Also, there were five short-term task groups that met in June 2000 to look at sections of the policy book. Additionally, in 1999 a committee convened to review the revocation process.
- Other board committees include the Standards Committee, the Accountability Committee, the Capacity Committee and the Quality Systems Committee.

R4.33 ODE should develop formal and consistent policies regarding the function and composition of committees. Furthermore, the HR Liaison Committee should be reorganized to again serve as a vehicle to receive updated HR policy information, to discuss center/office staffing issues, and to address the overall personnel issues risen in conjunction with the implementation of ODE's strategic plan. Since the HR Liaison Committee has not been functioning during the last year, it would have to be totally reorganized to reflect changes in HR leadership and in the overall organizational structure.

F4.54 In 1997, the ODE created a new recognition program for employees. This program includes the following ODE internal awards that are described in a paper entitled "Rewards and Recognition System for the Ohio Department of Education (October 1996 Revision).":

- State Superintendent's award
- Distinguished service award
- Chief's award and Special awards.

Even though there is a staff recognition program in place, supervisors commented to KPMG that they either did not know about the program, did not know how to submit nominations for awards, or found the process too cumbersome for submitting awards. Several comments from the KPMG employee survey indicated the awards process was biased and only the "popular" employees won. The results of the survey appear to reflect the negative perception people have of how the ODE recognizes its employees. The following presents the results of three of the questions from the KPMG survey:

- Employees are recognized, promoted and rewarded based upon their accomplishments and contributions to success." (69% disagreed)
- The Department does a good job of rewarding and retaining the best and brightest employees." (70% disagreed)
- The Department takes time to celebrate individual and collective achievements." (50% disagreed)

R4.34 ODE should establish a committee to set guidelines and implement an employee recognition program. The committee should complete an evaluation of the effectiveness of ODE's present recognition efforts. However, before the evaluation takes place, some short-term progress can potentially be achieved through:

- Endorsement of award programs by the superintendent
- Documentation of the awards process and distribution it to all employees;
- Assignment of accountability and authority to HR for the execution of the program (including: selection of recipients, notification, presentation, publication and documentation to the employees' files.)

Personnel Policies and Practices

F4.55 ODE publishes a policy manual for employees entitled Human Resources - Employee Handbook. **Table 4-15** displays an analysis of the responses to the survey questions that relate to employee perceptions of the handbook and to two specific questions related to use of sick leave and fringe benefits:

Table 4-15: Analysis of Employee Survey Responses (questions 13, 17, 18, and 21)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
13. Employee use of sick leave is usually justifiable.	Total = 6.0% A - 0 E - 6.9 C - 6.2 O - 13.9	Total = 4.5% A - 4.3 E - 1.5 C - 9.3 O - 2.8	Total = 6.5% A - 5.7 E - 4.6 C - 9.3 O - 8.3	Total = 21.6% A - 18.6 E - 23.7 C - 17.5 O - 30.6	Total = 50.0% A - 64.3 E - 46.6 C - 47.4 O - 41.7	Total = 11.4% A - 7.1 E - 16.7 C - 10.3 O - 2.7
17. I am informed of changes to department policies and procedures in a timely manner.	Total = 2.1% A - 1.4 E - 1.5 C - 1.0 O - 8.3	Total = 11.7% A - 8.6 E - 11.5 C - 13.4 O - 13.9	Total = 20.0% A - 24.3 E - 21.4 C - 16.5 O - 16.7	Total = 24.6% A - 18.6 E - 21.4 C - 35.0 O - 19.4	Total = 39.2% A - 47.1 E - 39.7 C - 32.0 O - 41.7	Total = 2.4% A - 0 E - 4.5 C - 2.1 O - 0
18. ODE's <u>Human Resources - Employee Handbook</u> is a valuable source of information.	Total = 6.0% A - 1.4 E - 6.1 C - 4.1 O - 19.4	Total = 3.3% A - 0 E - 3.1 C - 5.2 O - 5.6	Total = 10.2% A - 12.9 E - 9.9 C - 10.3 O - 5.6	Total = 31.7% A - 38.6 E - 31.3 C - 35.0 O - 11.1	Total = 42.8% A - 42.8 E - 42.0 C - 40.2 O - 52.8	Total = 6.0% A - 4.3 E - 7.6 C - 5.2 O - 5.5
21. I am satisfied with the procedures regarding health insurance and other fringe benefits.	Total = 3.9% A - 1.4 E - 6.9 C - 1.0 O - 5.6	Total = 3.3% A - 2.9 E - 1.5 C - 5.2 O - 5.6	Total = 11.7% A - 8.6 E - 12.2 C - 14.4 O - 8.3	Total = 16.8% A - 12.8 E - 16.0 C - 17.5 O - 25.0	Total = 51.1% A - 54.3 E - 55.0 C - 46.4 O - 44.4	Total = 13.2% A - 20.0 E - 8.4 C - 15.5 O - 11.1

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

C4.4 As indicated by responses to question eighteen in **Table 4-15**, ODE's employees are generally favorable toward the Human Resource - Employee Handbook. Almost half (48.8%) of the respondents felt that it is a valuable source of information. Meanwhile, only 13.5 percent registered unfavorable responses.

F4.56 As indicated by responses to question seventeen in **Table 4-15**, fewer respondents (41.6%) agreed that they were informed of changes to policies and procedures in a timely manner compared to those who thought that the handbook was a valuable resource. Furthermore, 31.7 percent felt that they were not timely informed of changes. However, according to the former HR director, ODE has plans to publish its Human Resource - Employee Handbook on its Intranet site to promote more employee accessibility.

R4.35 Expanded use of its Intranet capabilities (**R4.14**) should include access to the employee handbook. This could be a positive step in assuring that all employees have easy access to the latest revision to the handbook. Additionally, as the effort to convert the Human Resource - Employee Handbook to an electronic format goes forward, ODE should revise the handbook to include a policy on the employee performance appraisal process (**R4.25**).

C4.5 According to the responses to question thirteen in **Table 4-15**, a majority (61.4%) of the respondents believe that employees justifiably use sick leave. Meanwhile, only 11 percent of the respondents disagreed. Additionally, the responses to question twenty-one indicate

that a strong majority (64.3%) of the respondents felt satisfied with ODE's procedures regarding fringe benefits. Overall, these responses seem to indicate that ODE has been generally effective in communicating its policies regarding sick leave and fringe benefits.

F4.57 **Table 4-16** depicts the analysis of the questions from the employee survey dealing with grievance procedures, employee discipline, equal opportunities and employee morale:

Table 4-16: Analysis of Employee Survey Responses (questions 22, 23, 24 and 25)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
22. Grievance procedures are fair and effective.	Total = 26.0% A - 20.0 E - 39.7 C - 15.5 O - 16.7	Total = 9.3% A - 8.6 E - 8.4 C - 10.3 O - 11.1	Total = 12.0% A - 11.4 E - 6.9 C - 16.5 O - 19.4	Total = 34.4% A - 42.9 E - 29.0 C - 35.0 O - 36.1	Total = 16.5% A - 15.7 E - 14.5 C - 20.6 O - 13.9	Total = 1.8% A - 1.4 E - 1.5 C - 2.1 O - 2.8
23. Procedures for discipline and/or dismissal are fair and adequate.	Total = 19.2% A - 12.9 E - 26.7 C - 13.4 O - 19.4	Total = 11.7% A - 8.6 E - 11.5 C - 12.4 O - 16.7	Total = 17.4% A - 15.7 E - 13.0 C - 24.7 O - 16.7	Total = 35.9% A - 48.6 E - 31.3 C - 33.0 O - 36.1	Total = 13.5% A - 11.4 E - 15.2 C - 14.4 O - 8.3	Total = 2.3% A - 2.8 E - 2.3 C - 2.1 O - 2.8
24. ODE provides equal opportunities for all employees.	Total = 6.0% A - 4.3 E - 5.3 C - 6.2 O - 11.1	Total = 12.9% A - 2.8 E - 12.2 C - 17.5 O - 22.2	Total = 20.4% A - 18.6 E - 19.8 C - 25.8 O - 11.1	Total = 24.8% A - 24.3 E - 26.0 C - 21.6 O - 30.6	Total = 27.8% A - 35.7 E - 27.5 C - 24.7 O - 22.2	Total = 8.1% A - 14.3 E - 9.2 C - 4.2 O - 2.8
25. I feel that overall employee satisfaction and morale at ODE is positive.	Total = 0.3% A - 0 E - 0 C - 1.0 O - 0	Total = 27.8% A - 15.7 E - 29.0 C - 35.0 O - 27.8	Total = 31.7% A - 38.6 E - 29.0 C - 28.9 O - 36.1	Total = 24.3% A - 30.0 E - 23.7 C - 23.7 O - 16.7	Total = 14.7% A - 15.7 E - 18.3 C - 9.3 O - 13.9	Total = 1.2% A - 0 E - 0 C - 2.1 O - 5.5

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

As indicated by responses to question twenty-two in **Table 4-16**, only 18.3 percent of the respondents felt that ODE's grievance procedures are fair and effective. Meanwhile, although only 21.3 percent of the respondents disagreed, the vast majority (60.4%) of the responded either *N/A* or *Neutral* which seems to indicate that most employees do not feel that the grievance procedures apply to themselves.

F4.58 As indicated by the responses to question twenty-three of the employee survey, only 15.8 percent of the respondents felt that ODE's discipline and/or dismissal procedures were fair or adequate. Additionally (aside from question 22 regarding grievance procedures), this question had the second highest percentage of *N/A* and *Neutral* responses (55.1%). This combination of responses seems to support the assumptions that ODE's discipline and/or dismissal procedures are neither fair/adequate or employees feel that the procedures have a minimal impact on operations.

Three categories of personnel actions which are tracked by DAS (**Table 4-4**) relate to employee disciplinary actions, but are rarely used. The following categories are followed by the total number recorded during the last three fiscal years: suspensions (2), probationary removals (3) and unclassified removals (1). These low occurrence rates seem to support the respondents' notions that ODE's discipline and/or dismissal procedures have a minimal impact on operations.

F4.59 According to human resources researchers (PeoplePros®, Inc. Greensboro, NC), employees are disciplined or discharged for three principal reasons:

- Major infractions, such as stealing, fighting, or drunkenness on the job
- General layoffs due to economic conditions
- Unsatisfactory performance or infraction of minor rules over a sustained period

Employment-at-will/unjust-dismissal problems most often develop as a result of the third reason, especially when employers do not have a formal system of progressive discipline that documents the unsatisfactory performance. Both because of unjust dismissal, and because it makes for sound personnel policies, most organizations use progressive discipline as a way of correcting employee misconduct. According to researchers at PeoplePros®, Inc. progressive discipline usually includes the following steps:

- Informal meetings and oral reprimands
- Written deficiency notices
- Formal evaluation conferences documented by written records
- Unsatisfactory performance evaluations
- Suspension without pay
- Termination

F4.60 Resignations may also be indirectly related to employee disciplinary actions because employees are sometimes allowed to resign rather than face disciplinary action. The expressed purpose of DAS's 1999 directive 00-12, entitled Resignations, is to ensure that any state employee who commits an egregious offense related to employment is properly separated. The directive also establishes guidelines for accepting resignations in lieu of termination and establishes procedures for making information concerning terminations and resignations available to potential future employees. Since employees may grieve terminations, the directive further states that "As a result of such grievances or appeals, appointing authorities often wish to settle such matters. Settlements may assist in avoiding a prolonged appeal process... prevent the accrual of potential back pay liability, assist in speedily resolving the removal dispute and promote the speedy resolution of grievances as a whole." However, DAS provides specific guidelines "to ensure that a record of the disciplinary action is kept in order to prevent rehire at another state agency or by another employer, where the potential for similar offenses is great."

R4.36 ODE should review its discipline and dismissal policies to ensure that procedures for implementing the policies are fair and that they adequately address both employee and management concerns. Policies should include progressive discipline steps, such as those recommended by the researchers at PeoplePros®, Inc. Furthermore the following DAS guidelines should be followed when accepting a resignation in lieu of termination:

- Appointing authorities should be extremely resistive to permitting resignations of any kind where employees are removed for actions which are criminal or quasi-criminal in nature.
- In cases where a resignation-termination is desired for actions of a criminal or quasi-criminal nature, the resignation should be designated code S 16, “Resigned - not recommended for rehire” on the personnel action form.
- Resignations related to removals which do not connote criminal or quasi-criminal behavior such as absenteeism, tardiness, insubordination... may be coded S 15, “Resigned - not in good standing”

F4.61 As indicated by the responses to question twenty-four of the employee survey, slightly over a third agreed (35.9%) and another third (33.3%) disagreed that ODE provides equal opportunities for all employees. Furthermore, of the respondents that disagreed, 43.3 percent were from the *classified* employees group, while half (50%) of the *administrative/management* group agreed. These responses seem to indicate conflicting views as to employees’ opportunities within ODE. Apparently, employee satisfaction with professional opportunities within ODE is largely influenced by the job classification.

R4.37 ODE should attempt to close the satisfaction gap between employee groups by improving communication regarding opportunities for professional development. Although it is important to communicate these opportunities to all employees, ODE should provide extra opportunities to *classified* employees since the survey responses appear to indicate that these employees feel least satisfied with present opportunities. Furthermore, as it develops policies and procedures for individual professional development plans (**R4.27**), ODE should provide special training for its managers to assist classified employees with the process.

F4.62 As indicated by the responses to question twenty-five of the employee survey, only 15.9 percent of the respondents agreed that overall employee satisfaction and morale within ODE was positive. Meanwhile, a majority of the respondents (59.5%) disagreed, which was the highest level of disagreement among all the survey questions. Moreover, question twenty-five was the only question in the entire survey on which a majority of respondents in every employee category disagreed; (A-54.3%, E-58.0%, C-63.9% and O-63.9%). This seems to indicate a serious concern for employee satisfaction and morale throughout all levels of the agency.

Human Resources Management and Information System

- F4.63 DAS maintains a statewide human resource system called the Human Resource Management System (HRMS) which includes the Customer Information Control System (CICS), the system used by DAS to process payrolls for various state agencies. However, the CICS is limited as to how state agencies can access and manipulate its data bases. For example, ODE HR staff does not note previous personal service contract time in employees' personnel files because the data base which is kept for contractors is not interactive with the data base kept for new hires. DAS plans to implement a new, more interactive, HRMS which all state agencies would use. However, according to DAS staff, the new system will not be implemented for approximately two years.
- F4.64 The former HR director was interested in the capabilities of Oracle's human resource module. However, the module was originally purchased only for SchoolNet. The former HR director met with the consultants from Solutions Inc. who are implementing the Oracle financial module to see what would be involved in implementing the HR module. However, he seemed a bit skeptical about how complicated the consultants made the process seem when he initially spoke to them. He felt that a simple program could be written to capture the time and attendance information that his department needs. (Please see the **payroll management** portion of the **financial** section of this report for additional recommendations pertaining to ODE's payroll system.)
- R4.38** ODE should explore the possibility of having its own technology experts, from the office of Information Management Services, program a basic HRMS system to record and process data related to employees' time and attendance and other basic HR information. This would provide an interim solution to the agency's HR informational needs until DAS's new statewide HRMS system is operational.

Management Questionnaire

- F4.65 A questionnaire was distributed to 87 staff members identified as key management staff according to their position titles and/or their supervisory functions. The list used to identify these staff members was generated from an internal data file supplied by ODE on August 11, 2000. The list of key management staff was composed of the following positions: superintendent (1), deputy superintendent (1), assistant superintendent (1), chief of staff (1), chief legal counsel (1), chief information officer (1), comptroller (1), associate superintendent (5), executive director (4), director (16), associate director (6), assistant director (44), manager (4), and supervisor (1). Questionnaires were completed by 67 respondents for an excellent return rate of 77 percent.
- F4.66 The term "span of control" refers to the number of subordinates who report directly to a single manager, supervisor, or lead. The number of subordinates whom the manager is required to evaluate is another key consideration in determining span of control ratios. Many organizations link the evaluation process to managerial roles. For example, the California Department of Education's job expectations list for its managers expressly states that one of a manager's key responsibilities is "regularly assessing staff job performance and providing feedback to promote improvement." The managerial span of control within ODE has been assessed through an examination of its tables of organization, along with supervisors' comments on the Management Questionnaire. (See **appendix 4-4** for a detailed listing of questionnaire responses)

Table 4-17: Management Questionnaire Responses (questions 1 &2)

1. To whom do you report within ODE's organizational structure?	No Response 0	Reports to one person 63	Reports to two people 4	Three or more 0
2. Who is responsible for completing your annual performance appraisal?	Same as the person they report to as listed in #1. 64		Different/additional person(s) than listed in #1. 2	Don't Know 1

Source: Summary Analysis of the Management Questionnaire Responses - **Appendix 4.3**

C4.6 As indicated by the consistent responses to questions one and two of the Management Questionnaire, it is evident that ODE has been effective in conveying its organizational structure to its management staff. All of the respondents knew to whom they reported within the organizational structure and most were able to indicate a single supervisor. Furthermore, the fact that most respondents noted the person they reported to as being the same person that has responsibility for completing their performance appraisal indicates that, at least at the management level, ODE has aligned supervision to evaluation.

- F4.67 The supervisory span of control within ODE has been assessed through an examination of its tables of organization and supervisors' responses to questions three through six on the

Management Questionnaire. As indicated by the responses to question three, in **Table 4-18**, there is a wide range in the number of employees working within ODE's various offices. Additionally, as indicated by the responses to question four, 24 respondents reported having responsibility for evaluating three or fewer subordinates. Furthermore, as indicated by the responses to question five, over half (57%) of the respondents indicated that none of their subordinates have responsibilities for evaluating other employees.

Table 4-18: Management Questionnaire Responses (questions 3, 4, & 5)

3. How many employees work within your center/office? (Number responding - 67)	Center (6) Range 65 - 126 Average = 79.3	Office (61) Range 2 - 114 Average = 23.3
4. How many subordinate employees do you have responsibility for evaluating?	Total subordinates evaluated = 413.5 (avg. per respondent = 6.2) Distribution: (n= 67) 0 = 10, 1 = 4, 2 = 5, 3 = 5, 4 = 5, 5 = 7, 6 = 5, 6.5 = 1, 7 = 2, 8 = 5, 9=2, 10 = 4, 11 = 5, 12 =1, 13 = 1, 16 = 1, 19 = 1, 22 = 3 Range = 0 to 22 Mean =6.17 Median = 7 Mode = 0	
5. Whom among your subordinates have responsibilities for evaluating other employees?	Distribution: (n= 67) 0 = 38, 1 = 8, 2 = 5, 3 = 5, 4 = 1, 6 = 4, 9 = 1, 10 = 2, 12 = 1, 16 = 1, 22 = 1 Total subordinates evaluating others = 140 (avg. per respondent = 2.09) Range = 0 to 22 Mean =2.09 Median = 6 Mode = 0	

Source: Summary Analysis of the Management Questionnaire Responses - **Appendix 4.3**

F4.68 An analysis of the responses to question three in **Table 4-18** indicates that the span of control within ODE is 6.17 subordinates for each supervisory position. A correlation generally exists between the span of control and the number of layers within an organization. A low span of control (i.e., few subordinates per manager, supervisor, or lead) leads to a "tall" organization (i.e., one with many layers) whereas a high span of control leads to a flat organization.

According to a 1994 management audit report on King County, Washington, "there are two main schools of thought in organizational management theory regarding span of control. Classical (i.e., pre-1950) authors believed that supervisors needed to maintain close control over their subordinates, and they often specified the proper ratio as no more than 6 subordinates per supervisor. Contemporary management theory holds that such *command and control* organizations are inefficient and therefore advocates higher spans of control and flatter organizational structures. Although a consensus on the ideal ratio for span of control has not been reached, current authors advocate ratios ranging from 15 to 25 subordinates per supervisor. Several also recommend 5 organizational layers as the maximum for any large organization."

The responses to questions three, four and five seem to indicate that the supervisory span of control within ODE is very flat. According to researchers at Southwest Missouri State University (SMSU), a traditional view of control favors small spans (typically no more than six subordinates for each supervisory position), while the contemporary view is that larger spans of control are more effective and efficient. Furthermore, wider spans of control typically mean less administrative expense and more self-management, both popular notions today according to SMSU researchers.

R4.39 ODE should attempt to broaden the span of control within its organizational structure by reducing the number of managerial/supervisory positions. Furthermore, according to SMSU researchers, “wider spans of control may help in reducing problems such as: the distortion of information as it flows through the organization; slow, ineffective decision-making and action; greater emphasis on controlling the bureaucracy rather than on customer service; higher costs due to the number of managers and management support staff; and less responsibility assumed by subordinates for the quality of their work.”

The King County audit reported that “some methods which have resulted in increased spans of control and fewer organizational layers include process re-engineering (i.e., the radical rethinking and redesign of business processes), self-directed work teams (i.e., highly trained work groups that are fully responsible for providing a product or service), and decentralization. However, implementation of any of these methods requires a fundamental change in the culture of an organization, away from the traditional control-oriented environment to one with an emphasis on customer service where decision-making is pushed down to front-line workers. Other methods can achieve more immediate increases in span of control without fundamental changes in the organizational culture. These include the elimination of management layers or positions through attrition. Another method is to convert management positions with fewer than 3 subordinates to non-management positions.” According to the results of the management questionnaire, ODE has at least 24 such positions. Converting them to non-management positions would increase the agency’s average supervisory span of control by 3.4 people (6.2 to 9.6).

Financial Implications: The median salary for the Educational Employee Administration classification is \$71,500, while the median salary for the Administrative Assistant 3 classification is \$49,500. Converting 24 Educational Employee Administration positions to non-management Administrative Assistant 3 positions would potentially reduce annual salaries by approximately \$528,000.

F4.69 The responses to questions six, seven and eight of the Management Questionnaire pertain to managers' familiarity with the programmatic/operational functions for which they are responsible. The analysis of these responses is displayed in **Table 4-19**:

Table 4-19: Management Questionnaire Responses (questions 6, 7 & 8)

6. For which programmatic/operational functions are you responsible?	All respondents were able to identify their programmatic and/or operational functions.
7. For which programmatic/operational functions do you share responsibility with other managers?	Total number of shared functions reported = 113 (avg. = 1.76) Range = 0 to 12 Mean =1.69 Median = 4 Mode = 0
8. Using the attached list of revenue fund sources (numbered 1-96), list the numbers of funds from which your programmatic/operational functions receive funding.	Total number of funding sources reported = 219 (avg. per supervisor = 3.27 after discounting the n/a's and all's) Range = n/a to all Mean =3.27 Median = 6 Mode = 1

Source: Summary Analysis of the Management Questionnaire Responses - **Appendix 4.3**

C4.7 As indicated by the responses to questions six, seven and eight of the Management Questionnaire, it seems as though ODE's managers have a thorough awareness of the programmatic functions to which they have responsibility. In response to question six, all the managers responding were able to identify their programmatic and/or operational functions. Additionally, approximately a third (33.8%) of those responding to question seven indicated that they did not share programmatic functions with anyone else. However, those who did share functions with other managers generally knew what functions they had in common. Finally, an overwhelming majority (84%) of those responding to question eight indicated a knowledge of their programmatic funding source and many of them were able to estimate the percentage of funding from multiple sources.

F4.70 The responses to question nine of the questionnaire are displayed in **Table 4-20** :

Table 4-20: Management Questionnaire Responses (questions 9)

9. Please list any management staff members within your center/office who were inadvertently not included in the attached list of key management staff.	There were 21 additional people suggested by the respondents that were viewed by their colleagues as managers.
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Source: Summary Analysis of the Management Questionnaire Responses - **Appendix 4.3**

The responses to question nine indicated that the respondents consider 21 additional staff members to be functioning as key managers the Classification titles for these additional management staff members include:

- Director (1)
- Assistant Director (1)
- Public Inquiry Supervisor (1)
- Programmer/Analyst Supervisor (2)
- Fiscal Officer 3 (1)
- Administrative Officer 1 (1)

- Educational Employee Administrator (3)
- Educational Employee Consultant 3 (2)
- Exempt Educational Employee (1)
- Administrative Assistant 4 (1)
- Executive Assistant (1)
- Systems Programmer Supervisor 1 (1)
- Names not listed on ODE's data file of 08/04/00 (5)

With the addition of these 21 managers to the list of 87 key managers who were mailed the management questionnaire, ODE has approximately 108 managers. Allowing for some reduction due to recent resignations or retirements, the agency still has more than one hundred supervisory positions out of approximately 570 employees. Therefore, supervisory positions represent roughly 18 percent of ODE's staff. Furthermore, these estimates do not include positions of lower level managers such as the human resources manager.

F4.71 The King County audit (**F4.68**) stated that "lead workers are often inappropriately designated and compensated." Additionally, the study found that the methods for approving differential pay for lead workers appeared inadequate to prevent the inappropriate designation and compensation of lead workers. The study also found that position classifications are often misleading indicators of supervisory responsibilities and that the terms "manager" and "supervisor" were not always indicative of actual managerial or supervisory responsibilities. Consequently, the study recommended that those titles be limited to those positions with actual managerial or supervisory duties.

The Montana Office of Public Instruction includes an optional "Employee Assessment of Supervisor" as part of its employees' performance appraisal process. This assessment includes questions related to the supervisor's delegation and communication skills that could be helpful in determining the effectiveness of the supervisor and whether or not the supervisory position is actually needed.

R4.40 ODE should review each managerial/supervisory position to determine which positions are actually true supervisory positions as indicated by the existence of an evaluation function in the position description and in the actual evaluation responsibilities of the position within the organization. Additionally, where the span of control is very limited or nonexistent, positions should be eliminated or combined so that the overall number of managerial/supervisory positions can be reduced. Also, ODE should consider including an employee assessment of supervisors as part of its performance appraisal process as is the practice at the Montana Office of Public Instruction. Furthermore, as emphasized in the King County management audit report, ODE needs to distinguish between lead workers and supervisors and to limit the use of supervisory titles such as manager, supervisor, and assistant and associate director. Besides the potential for a reduction in salaries, the

organization would benefit from an increase in managerial responsibility and a clearer chain of command.

F4.72 The responses to the last three questions of the Management Questionnaire are covered in other sections of this report. Responses to questions ten and eleven are discussed in the **financial section**, while the responses to question twelve are discussed in the **strategic planning section**. Please see **appendix 4-4** for a detailed review of responses to all of the questions on the questionnaire.

Financial Implications Summary

The following table represents a summary of the annual cost savings and implementation costs discussed in this section. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Human Resources

Recommendation	Estimated Cost Savings (Annual)	Estimated Implementation Cost (One-time)	Estimated Implementation Cost (Annual)
R4.7 ODE should develop a job analyst position			\$68,000
R4.39 Converting 24 Educational Employee Administration positions to Administrative Assistant 3 positions would potentially reduce annual salaries.	\$528,000		
Totals	\$528,000		\$68,000

¹ Savings are estimated annual savings once the number of Educational Employee Consultants is reduced through attrition.

Conclusion Statement

The Ohio Department of Education has put much effort into recent initiatives to restructure its organization, however these initiatives have caused some confusion as to the titles and functional responsibilities of many of its programs and offices. Furthermore, the Human Resources (HR) office, which is responsible for tracking and documenting these organizational changes, has undergone changes in its own structure and responsibilities. For instance, the call center, which was formerly an HR responsibility, was reorganized under the domain of the Customer Service office. Meanwhile, although the Office of Organizational Development is organizationally separate from HR, it has responsibility for some traditional human resources functions such as staff development.

ODE has attempted to graphically convey its new official organizational structure, by improving its tables of organization (TOs). It also plans to update its official directory and other official listings such as the DAS payroll files. These initiatives are examples in which the HR office can take the lead in correcting deficiencies. Another related area is improving the use of the Internet and ODE's intranet in publishing and updating its organizational structure. However, the most apparent need related to ODE's reorganization efforts is a job analyst specialist within the HR staff. With this type of specialist, the HR office should be better able to adequately monitor and evaluate workloads and appropriate staffing levels among ODE's various program offices.

ODE has attempted to coordinate its strategic planning efforts with the Baldrige initiatives, but HR's ability to support the process by providing related personnel information, such as forecasting staffing needs, has been hindered because it does not track all key personnel actions on a regular basis. The fact that much of the HR staff's limited resources are devoted to supporting ODE's internal payroll processes may be one reason that other important human resources functions are given limited attention. Streamlining the payroll function, so that the time and attendance verification process is the responsibility of each employee, would give the HR staff the ability to focus more resources on duties such as recruitment, hiring, developing position descriptions and monitoring the allocation of employees to appropriate job classifications. The recent SERB ruling that redressed the assignment of "unclassified" Educational Employment Consultants to positions that should have been filled by employees from "classified" job classifications is an example of an area of concern wherein ODE should increase the involvement of HR specialists.

The use of special staffing provisions such as temporary employees, interim and intermittent employees is another area of concern because ODE does not adhere to all of the related guidelines for the use of these categories as established by ORC and DAS. Furthermore, these concerns appear to be reflected in responses to questions within the employee survey that indicated that staff within classified job categories had concerns regarding special staffing provisions. Classified employees also had concerns regarding hiring practices, job qualifications, professional development and ODE's performance appraisal process for employees.

DAS guidelines regarding annual evaluations are clear for all state agencies, but the lack of meaningful and timely implementation of performance appraisals for all ODE employees has been noted as an on-going concern. Although ODE has recently instituted evaluation training for its supervisors, ODE should also consider tracking supervisors' efforts in completing performance appraisals and establishing internal sanctions for supervisors who fail to conduct their required annual appraisals.

ODE has recently begun to link employees' Individual Professional Development Plans (IPDPs) to the performance appraisal processes for a limited number of unclassified employees. As this effort goes forth, ODE should ensure that IPDPs include individual goals/objectives that are related to strategic office goals/objectives as well as to overall agency goals/objectives. Furthermore, ODE should consider including performance measures, action steps to achieve those measures and coaching steps that supervisors can use to assist their employees.

Records for the last two fiscal years indicate that ODE relies heavily on the use of outside contractors to supplement its staffing needs. In moderation, this practice is not troublesome, but the overuse of personal service contracts may imply that outside contractors are being used to circumvent the staffing ceiling imposed on ODE by the state's Office of Budget and Management. Since ODE is in the process of reviewing its use of personal service contracts, special attention should be given to contracts involving individuals who have been issued multiple contracts over the last two years to ensure that these contracts are not being used for work that should be performed by regular employees. Furthermore, in its review of contracts, ODE should follow DAS's December, 1999 directive 00-10, entitled Independent Contractor Guidelines. The DAS guidelines replicate those in various IRS rulings regarding the legitimate status of independent contractors.

ODE devotes approximately 18 percent of its staff to supervisory positions which causes the average span of control ratio of supervisors to subordinates to be fairly low (approximately 6.2 subordinates for each supervisor). A low ratio for span of control within a large organization usually indicates a steep, centralized organizational structure with many supervisory layers. According to a 1994 management audit report on King County, Washington, contemporary management theory holds that such organizations may be operating inefficiently. Therefore, ODE should examine the supervisory responsibilities of its management staff and attempt to reduce the number of supervisors by reserving management titles for staff that truly perform supervisory and evaluative roles for a meaningful number of subordinates. This appraisal of supervisory roles should give ODE the opportunity to decentralize and flatten its organization by increasing its supervisory span of control ratio.

APPENDICES

Appendix 4-1: Analysis of ODE Employee Payroll Classifications

No.	JOB TITLE	Hr. Avg.	Salary Range		
				to	
4	ACCOUNT CLERK 2	\$15.42	\$30,908.80	to	\$33,550.40
6	ACCOUNT CLERK 3	\$16.34	\$28,246.40	to	\$36,254.40
3	ACCOUNTANT/EXAMINER 3	\$19.86	\$37,336.00	to	\$43,284.80
9	ADMINISTRATIVE STAFF	\$52.32	\$90,646.40	to	\$126,027.20
32	ADMINISTRATIVE ASSISTANT 1	\$16.20	\$27,560.00	to	\$36,254.40
3	ADMINISTRATIVE ASSISTANT 2	\$17.57	\$15,540.00	to	\$43,222.40
5	ADMINISTRATIVE ASSISTANT 3	\$24.21	\$44,470.40	to	\$54,641.60
1	ADMINISTRATIVE ASSISTANT 4	\$31.87	\$66,289.60	to	\$66,289.60
1	ADMINISTRATIVE OFFICER 1	\$20.53	\$42,702.40	to	\$42,702.40
1	BINDERY OPERATOR	\$15.51	\$32,260.80	to	\$32,260.80
1	BUSINESS OPERATIONS MANAGER 1	\$20.53	\$42,702.40	to	\$42,702.40
1	BUSINESS SERVICE OFFICER	\$14.54	\$30,908.80	to	\$33,550.40
8	CERTIFICATION/LICENSURE EXAMINER 1	\$15.09	\$28,246.40	to	\$32,489.60
1	CLERK 2	\$11.91	\$24,772.80	to	\$24,772.80
1	CLERK 3	\$13.79	\$28,683.20	to	\$28,683.20
2	COLLEGE INTERN	\$9.66	\$9,360.00	to	\$21,444.80
1	COMPUTER OPERATOR 4	\$15.74	\$32,739.20	to	\$32,739.20
3	CUSTOMER SERVICE ASSISTANT 2	\$15.78	\$30,056.00	to	\$34,881.60
2	DATA SYSTEMS MANAGER	\$38.66	\$80,412.80	to	\$80,412.80
1	DELIVERY WORKER 2	\$12.02	\$25,001.60	to	\$25,001.60
2	DELIVERY WORKER	\$13.44	\$27,019.20	to	\$29,556.80
1	DIRECTOR	\$86.54	\$180,003.20	to	\$180,003.20
66	EDUC EMP ADMINISTRATIVE	\$34.97	\$52,457.60	to	\$91,145.60
13	EDUC EMP CONS 1	\$20.87	\$33,841.60	to	\$51,001.60
9	EDUC EMP CONS 2	\$26.57	\$45,323.20	to	\$64,854.40
226	EDUC EMP CONS 3	\$28.55	\$37,294.40	to	\$71,489.60
2	ELECTRONIC DESIGN COORDINATOR	\$18.45	\$38,376.00	to	\$38,376.00
2	ELECTRONIC DESIGN SPECIALIST	\$20.78	\$42,577.60	to	\$43,846.40
9	EXECUTIVE SECRETARY 1	\$19.72	\$34,070.40	to	\$43,222.40
18	EXEMPT EDUC EMP	\$41.29	\$72,092.80	to	\$95,784.00
5	FISCAL OFFICER 1	\$24.25	\$42,702.40	to	\$54,641.60
1	FISCAL OFFICER 3	\$35.05	\$72,904.00	to	\$72,904.00
10	FISCAL SPECIALIST 1	\$19.25	\$30,908.80	to	\$43,284.80
1	HUMAN RESOURCES MANAGER 2	\$28.82	\$59,945.60	to	\$59,945.60
1	HUMAN RESOURCES SPECIALIST 2	\$19.87	\$41,329.60	to	\$41,329.60
6	INFORMATION TECH CONSULTANT 1	\$34.57	\$68,556.80	to	\$73,049.60
2	INTERNAL AUDITOR 2	\$18.70	\$38,251.20	to	\$39,540.80
1	INVENTORY CONTROL SPECIALIST 2	\$14.75	\$30,680.00	to	\$30,680.00
1	MAIL CENTER MANAGER	\$20.78	\$43,222.40	to	\$43,222.40
3	MINICOMPUTER OPERATIONS TECHNICIAN	\$21.40	\$41,600.00	to	\$47,611.20
2	MINICOMPUTER SYSTEMS PROGRAMMER	\$22.07	\$42,390.40	to	\$49,420.80
6	OFFICE ASSISTANT 2	\$14.27	\$25,937.60	to	\$31,220.80
1	OFFICE ASSISTANT 3	\$15.81	\$32,884.80	to	\$32,884.80
3	PARALEGAL/LEGAL ASSISTANT 1	\$13.17	\$27,081.60	to	\$27,560.00
8	PROGRAMMER/ANALYST 3	\$22.49	\$40,185.60	to	\$55,099.20

No.	JOB TITLE	Hr. Avg.	Salary Range		
				to	
5	PROGRAMMER/ANALYST 4	\$29.82	\$48,630.40	to	\$66,310.40
1	PROGRAMMER/ANALYST MANAGER 2	\$42.58	\$88,566.40	to	\$88,566.40
4	PROGRAMMER/ANALYST SUPERVISOR	\$38.22	\$76,710.40	to	\$80,412.80
4	PUBLIC INFORMATION OFFICER 2	\$23.86	\$47,590.40	to	\$54,433.60
1	PUBLIC INQUIRIES SUPERVISOR	\$18.20	\$37,856.00	to	\$37,856.00
1	PURCHASING AGENT	\$16.17	\$33,633.60	to	\$33,633.60
1	PURCHASING COORDINATOR	\$20.81	\$43,284.80	to	\$43,284.80
1	RECORDS MANAGEMENT OFFICER	\$14.38	\$29,910.40	to	\$29,910.40
3	REPRODUCTION EQUIPMENT OPERATOR 1	\$12.56	\$24,460.80	to	\$28,912.00
43	SECRETARY	\$14.66	\$26,332.80	to	\$33,550.40
1	SYS ANALYST 2	\$31.87	\$66,289.60	to	\$66,289.60
1	SYSTEMS ANALYST 1	\$21.28	\$44,262.40	to	\$44,262.40
1	SYSTEMS PROGRAMMER SUPERVISOR 1	\$38.66	\$80,412.80	to	\$80,412.80
1	TELECOM SERVICE COORDINATOR	\$16.62	\$34,569.60	to	\$34,569.60
2	TELEPHONE OPERATOR 1	\$11.91	\$24,772.80	to	\$24,772.80
1	WEBMASTER PUBLISHER	\$34.26	\$71,260.80	to	\$71,260.80
29	WORD PROCESSING SPECIALIST 2	\$13.93	\$25,937.60	to	\$33,550.40
585	Total¹				

Source: Listing compiled using DAS payroll database as of 08/31/00

¹ Does not include the (18) State Board of Education Commission who are listed on the DAS report

Appendix 4-2

Analysis of ODE Employee Survey Results by Percentage of Respondents' Classifications

Classifications of the respondents; Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
1. I have a copy of my job description which lists the duties and responsibilities of my position.	Total = 2.4% A - 0 E - 2.3 C - 2.1 O - 8.3	Total = 21.3% A - 10.0 E - 19.8 C - 25.8 O - 36.1	Total = 16.2% A - 17.1 E - 16.0 C - 17.5 O - 11.1	Total = 3.6% A - 1.4 E - 4.6 C - 4.1 O - 2.8	Total = 32.0% A - 31.5 E - 33.6 C - 34.0 O - 22.2	Total = 24.5% A - 40.0 E - 23.7 C - 16.5 O - 19.5
2. My job description accurately reflects my usual daily routine.	Total = 11.7% A - 4.2 E - 16.8 C - 6.2 O - 22.2	Total = 13.2% A - 2.9 E - 10.7 C - 22.7 O - 16.7	Total = 17.7% A - 20.0 E - 13.7 C - 23.7 O - 11.1	Total = 17.3% A - 25.7 E - 16.0 C - 16.5 O - 8.3	Total = 27.8% A - 28.6 E - 29.8 C - 23.7 O - 30.6	Total = 12.3% A - 18.6 E - 13.0 C - 7.2 O - 11.1
3. The tables of organization accurately depict my role in ODE's current organizational structure.	Total = 5.1% A - 1.4 E - 3.8 C - 6.2 O - 13.9	Total = 3.6% A - 0 E - 6.1 C - 3.1 O - 2.8	Total = 14.7% A - 8.6 E - 13.0 C - 22.6 O - 11.1	Total = 26.3% A - 18.6 E - 24.4 C - 33.0 O - 30.6	Total = 36.2% A - 35.7 E - 42.0 C - 29.9 O - 33.3	Total = 14.1% A - 35.7 E - 10.7 C - 5.2 O - 8.3
4. Salary compensation levels are fairly matched to levels of job responsibility, skill and experience.	Total = 2.1% A - 0 E - 1.5 C - 2.1 O - 8.3	Total = 22.2% A - 18.6 E - 19.8 C - 31.9 O - 11.1	Total = 28.1% A - 25.7 E - 26.7 C - 31.0 O - 30.6	Total = 16.8% A - 22.9 E - 16.8 C - 15.5 O - 8.3	Total = 26.9% A - 25.7 E - 32.9 C - 16.4 O - 36.1	Total = 3.9% A - 7.1 E - 2.3 C - 3.1 O - 5.6
5. Employees' position classifications are revised as necessary in order to reflect long-term changes in duties and responsibilities.	Total = 9.3% A - 7.1 E - 12.2 C - 2.1 O - 22.2	Total = 26.0% A - 14.3 E - 18.3 C - 47.4 O - 19.4	Total = 31.7% A - 40.0 E - 32.8 C - 22.6 O - 36.1	Total = 18.9% A - 20.0 E - 23.7 C - 15.5 O - 8.3	Total = 11.4% A - 18.6 E - 10.7 C - 9.5 O - 5.4	Total = 2.7% A - 0 E - 2.3 C - 3.1 O - 8.3
6. My office could effectively maintain productivity in the event of a short term absence because cross training has been implemented.	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.8	Total = 18.6% A - 4.3 E - 17.6 C - 28.9 O - 22.2	Total = 23.0% A - 25.7 E - 19.8 C - 23.7 O - 27.8	Total = 15.3% A - 15.7 E - 13.7 C - 16.5 O - 16.7	Total = 34.7% A - 42.9 E - 40.5 C - 24.7 O - 25.0	Total = 7.5% A - 11.4 E - 7.6 C - 5.2 O - 5.5
7. ODE's vision, mission statement and goals are clearly communicated to all employees.	Total = 0.3% A - 0 E - 0 C - 1.0 O - 0	Total = 3.3% A - 0 E - 3.1 C - 3.1 O - 11.1	Total = 6.3% A - 0 E - 4.6 C - 12.4 O - 8.3	Total = 16.8% A - 10.0 E - 16.8 C - 20.6 O - 19.5	Total = 47.0% A - 45.7 E - 47.3 C - 47.4 O - 47.2	Total = 26.3% A - 44.3 E - 28.2 C - 15.5 O - 13.9
8. I understand how the strategic plan's vision, mission statement and goals pertain to my center/office and to my specific job.	Total = 1.5% A - 0 E - 0.8 C - 1.0 O - 8.3	Total = 6.3% A - 0 E - 3.1 C - 12.3 O - 13.9	Total = 14.1% A - 2.8 E - 16.7 C - 12.3 O - 30.6	Total = 21.8% A - 12.9 E - 17.5 C - 37.1 O - 13.9	Total = 41.6% A - 45.7 E - 48.9 C - 34.2 O - 27.8	Total = 14.7% A - 38.6 E - 13.0 C - 3.1 O - 5.5

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
9. I have been encouraged to implement a professional development plan that relates to ODE's strategic plan as well as to my center's/office's goals and objectives.	Total = 2.7% A - 0 E - 1.5 C - 3.1 O - 11.1	Total = 8.1% A - 4.3 E - 11.5 C - 4.1 O - 13.9	Total = 13.1% A - 10.0 E - 12.3 C - 14.4 O - 19.4	Total = 17.7% A - 14.3 E - 19.1 C - 18.6 O - 16.7	Total = 43.7% A - 40.0 E - 40.4 C - 54.6 O - 33.3	Total = 14.7% A - 31.4 E - 15.2 C - 5.2 O - 5.6
10. ODE's staff training offerings effectively relate to my professional needs.	Total = 2.7% A - 0 E - 3.1 C - 3.1 O - 5.6	Total = 13.5% A - 11.4 E - 12.2 C - 12.4 O - 25.0	Total = 29.3% A - 30.0 E - 32.0 C - 30.9 O - 13.9	Total = 27.8% A - 35.7 E - 27.5 C - 24.7 O - 22.2	Total = 23.4% A - 22.9 E - 20.6 C - 24.7 O - 30.6	Total = 3.3% A - 0 E - 4.6 C - 4.2 O - 2.7
11. I receive an annual evaluation that provides relevant feedback on my job performance.	Total = 7.2% A - 4.3 E - 6.9 C - 5.2 O - 19.4	Total = 24.0% A - 21.4 E - 26.7 C - 25.8 O - 13.9	Total = 23.6% A - 35.7 E - 26.0 C - 14.4 O - 16.7	Total = 14.4% A - 14.3 E - 13.7 C - 15.5 O - 13.9	Total = 22.1% A - 15.7 E - 18.3 C - 29.9 O - 27.8	Total = 8.7% A - 8.6 E - 8.4 C - 9.2 O - 8.3
12. The instrument by which staff members are evaluated is effective.	Total = 14.7% A - 7.1 E - 22.1 C - 6.2 O - 25.0	Total = 21.3% A - 21.4 E - 19.8 C - 27.8 O - 8.3	Total = 27.8% A - 32.9 E - 18.3 C - 33.0 O - 38.9	Total = 18.7% A - 21.4 E - 24.4 C - 15.5 O - 13.9	Total = 15.0% A - 12.9 E - 14.5 C - 15.5 O - 13.9	Total = 2.7% A - 4.3 E - 0.9 C - 2.1 O - 0
13. Employee use of sick leave is usually justifiable.	Total = 6.0% A - 0 E - 6.9 C - 6.2 O - 13.9	Total = 4.5% A - 4.3 E - 1.5 C - 9.3 O - 2.8	Total = 6.5% A - 5.7 E - 4.6 C - 9.3 O - 8.3	Total = 21.6% A - 18.6 E - 23.7 C - 17.5 O - 30.6	Total = 50.0% A - 64.3 E - 46.6 C - 47.4 O - 41.7	Total = 11.4% A - 7.1 E - 16.7 C - 10.3 O - 2.7
14. ODE's temporary employees are usually qualified and effective.	Total = 6.9% A - 4.3 E - 7.6 C - 7.2 O - 8.3	Total = 17.1% A - 14.3 E - 11.5 C - 27.8 O - 13.9	Total = 24.0% A - 35.7 E - 16.7 C - 22.7 O - 30.6	Total = 24.5% A - 22.9 E - 29.8 C - 21.6 O - 16.7	Total = 24.5% A - 21.4 E - 31.4 C - 18.6 O - 22.2	Total = 3.0% A - 1.4 E - 3.0 C - 2.1 O - 8.3
15. The system of replacing staff that are on long-term leave is effective.	Total = 17.1% A - 18.6 E - 15.2 C - 15.5 O - 25.0	Total = 16.8% A - 17.1 E - 15.2 C - 22.7 O - 5.6	Total = 27.2% A - 21.4 E - 30.6 C - 25.8 O - 30.6	Total = 30.5% A - 40.0 E - 32.1 C - 23.7 O - 25.0	Total = 7.5% A - 2.9 E - 6.1 C - 11.3 O - 11.1	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.7
16. Classified positions requiring specific job qualifications are usually filled properly.	Total = 7.8% A - 7.1 E - 11.5 C - 3.1 O - 8.3	Total = 13.5% A - 11.4 E - 12.2 C - 18.6 O - 8.3	Total = 26.6% A - 32.9 E - 27.5 C - 22.7 O - 22.2	Total = 26.0% A - 22.9 E - 21.4 C - 33.0 O - 30.6	Total = 24.9% A - 25.7 E - 26.7 C - 21.6 O - 25.0	Total = 1.2% A - 0 E - 0.8 C - 1.0 O - 5.6
17. I am informed of changes to department policies and procedures in a timely manner.	Total = 2.1% A - 1.4 E - 1.5 C - 1.0 O - 8.3	Total = 11.7% A - 8.6 E - 11.5 C - 13.4 O - 13.9	Total = 20.0% A - 24.3 E - 21.4 C - 16.5 O - 16.7	Total = 24.6% A - 18.6 E - 21.4 C - 35.0 O - 19.4	Total = 39.2% A - 47.1 E - 39.7 C - 32.0 O - 41.7	Total = 2.4% A - 0 E - 4.5 C - 2.1 O - 0

ODE Employee Survey Questions	N/A	1-Strongly Disagree	2-Disagree	3-Neutral	4-Agree	5-Strongly Agree
18. ODE's <u>Human Resources Employee Handbook</u> is a valuable source of information.	Total = 6.0% A - 1.4 E - 6.1 C - 4.1 O - 19.4	Total = 3.3% A - 0 E - 3.1 C - 5.2 O - 5.6	Total = 10.2% A - 12.9 E - 9.9 C - 10.3 O - 5.6	Total = 31.7% A - 38.6 E - 31.3 C - 35.0 O - 11.1	Total = 42.8% A - 42.8 E - 42.0 C - 40.2 O - 52.8	Total = 6.0% A - 4.3 E - 7.6 C - 5.2 O - 5.5
19. The process for job posting, recruiting and hiring new employees is effective.	Total = 4.5% A - 2.9 E - 3.8 C - 6.2 O - 5.6	Total = 16.8% A - 17.1 E - 16.8 C - 17.5 O - 13.9	Total = 25.4% A - 31.4 E - 21.3 C - 24.7 O - 30.6	Total = 29.6% A - 30.0 E - 29.8 C - 30.9 O - 25.0	Total = 18.9% A - 14.3 E - 22.9 C - 16.5 O - 19.4	Total = 4.8% A - 4.3 E - 5.4 C - 4.2 O - 5.5
20. Employees are trained to keep abreast of new technology as it is implemented.	Total = 0.9% A - 0 E - 0.8 C - 1.0 O - 2.9	Total = 16.5% A - 10.0 E - 17.4 C - 20.6 O - 13.9	Total = 29.9% A - 35.7 E - 23.7 C - 33.0 O - 33.3	Total = 26.0% A - 34.3 E - 23.7 C - 25.8 O - 19.4	Total = 22.5% A - 15.7 E - 31.4 C - 16.5 O - 19.4	Total = 4.2% A - 4.3 E - 3.0 C - 3.1 O - 11.1
21. I am satisfied with the procedures regarding health insurance and other fringe benefits.	Total = 3.9% A - 1.4 E - 6.9 C - 1.0 O - 5.6	Total = 3.3% A - 2.9 E - 1.5 C - 5.2 O - 5.6	Total = 11.7% A - 8.6 E - 12.2 C - 14.4 O - 8.3	Total = 16.8% A - 12.8 E - 16.0 C - 17.5 O - 25.0	Total = 51.1% A - 54.3 E - 55.0 C - 46.4 O - 44.4	Total = 13.2% A - 20.0 E - 8.4 C - 15.5 O - 11.1
22. Grievance procedures are fair and effective.	Total = 26.0% A - 20.0 E - 39.7 C - 15.5 O - 16.7	Total = 9.3% A - 8.6 E - 8.4 C - 10.3 O - 11.1	Total = 12.0% A - 11.4 E - 6.9 C - 16.5 O - 19.4	Total = 34.4% A - 42.9 E - 29.0 C - 35.0 O - 36.1	Total = 16.5% A - 15.7 E - 14.5 C - 20.6 O - 13.9	Total = 1.8% A - 1.4 E - 1.5 C - 2.1 O - 2.8
23. Procedures for discipline and/or dismissal are fair and adequate.	Total = 19.2% A - 12.9 E - 26.7 C - 13.4 O - 19.4	Total = 11.7% A - 8.6 E - 11.5 C - 12.4 O - 16.7	Total = 17.4% A - 15.7 E - 13.0 C - 24.7 O - 16.7	Total = 35.9% A - 48.6 E - 31.3 C - 33.0 O - 36.1	Total = 13.5% A - 11.4 E - 15.2 C - 14.4 O - 8.3	Total = 2.3% A - 2.8 E - 2.3 C - 2.1 O - 2.8
24. ODE provides equal opportunities for all employees.	Total = 6.0% A - 4.3 E - 5.3 C - 6.2 O - 11.1	Total = 12.9% A - 2.8 E - 12.2 C - 17.5 O - 22.2	Total = 20.4% A - 18.6 E - 19.8 C - 25.8 O - 11.1	Total = 24.8% A - 24.3 E - 26.0 C - 21.6 O - 30.6	Total = 27.8% A - 35.7 E - 27.5 C - 24.7 O - 22.2	Total = 8.1% A - 14.3 E - 9.2 C - 4.2 O - 2.8
25. I feel that overall employee satisfaction and morale at ODE is positive.	Total = 0.3% A - 0 E - 0 C - 1.0 O - 0	Total = 27.8% A - 15.7 E - 29.0 C - 35.0 O - 27.8	Total = 31.7% A - 38.6 E - 29.0 C - 28.9 O - 36.1	Total = 24.3% A - 30.0 E - 23.7 C - 23.7 O - 16.7	Total = 14.7% A - 15.7 E - 18.3 C - 9.3 O - 13.9	Total = 1.2% A - 0 E - 0 C - 2.1 O - 5.5

Source: Responses to the Employee Survey

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondents classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

Appendix 4-3: Summary Analysis of the Management Questionnaire Responses

1. To whom do you report within ODE's organizational structure?	No Response 0	Reports to one person 63	Reports to two people 4	Three or more 0
2. Who is responsible for completing your annual performance appraisal?	Same as the person they report to as listed in #1. 64	Different/additional person(s) than listed in #1. 2	Don't Know 1	
3. How many employees work within your center/office? (Number responding - 67)	Center (6) Range 65 - 126 Average = 79.3		Office (61) Range 2 - 114 Average = 23.3	
4. How many subordinate employees do you have responsibility for evaluating?	<p>Distribution: (n= 67) 0 = 10, 1 = 4, 2 = 5, 3 = 5, 4 = 5, 5 = 7, 6 = 5, 6.5 = 1, 7 = 2, 8 = 5, 9=2, 10 = 4, 11 = 5, 12 =1, 13 = 1, 16 = 1, 19 = 1, 22 = 3</p> <p>Total subordinates evaluated = 413.5 (avg. per supervisor responding = 6.2)</p> <p>Range = 0 to 22 Mean =6.17</p> <p>Median = 7 Mode = 0</p>			
5. Whom among your subordinates have responsibilities for evaluating other employees?	<p>Distribution: (n= 67) 0 = 38, 1 = 8, 2 = 5, 3 = 5, 4 = 1, 6 = 4, 9 = 1, 10 = 2, 12 = 1, 16 = 1, 22 = 1</p> <p>Total subordinates evaluating others = 140 (avg. per supervisor responding = 2.09)</p> <p>Range = 0 to 22 Mean =2.09</p> <p>Median = 6 Mode = 0</p>			
6. For which programmatic/operational functions are you responsible?	All respondents were able to identify their programmatic and/or operational functions.			
7. For which programmatic/operational functions do you share responsibility with other managers?	<p>Responses - 0, 2, 0, 5, 4, 0, 0, 0, 1, 1, all, all, 0, 0, 0, 12, 3, 3, 1, 0, 3, 4, all, 4, 1, 0, 7, 0, 3, 0, 0, 3, 1, 2, 0, all, 0, 1, 7, 0, 0, 1, 3, 1, 1, 0, 0, 1, 2, 4, all, 1, 4, 7, 3, all, 0, 1, 0, 2, 1, 1, 1, 8, 2, 0, 1</p> <p>Distribution: (n= 67) 0 = 22, 1 = 16, 2 = 5, 3 = 7, 4 = 5, 5 = 1, 7 = 3, 8 = 1, 12 = 1, all = 6</p> <p>Total number of shared functions reported = 113 (avg. per supervisor responding = 1.76)</p> <p>Range = 0 to 12 Mean =1.69</p> <p>Median = 4 Mode = 0</p>			

<p>8. Using the attached list of revenue fund sources (numbered 1-96), list the numbers of funds from which your programmatic/operational functions receive funding.</p>	<p>Number of different funds listed: n/a, 3, 1, 3, 3, 4, 1, 1, 4, 1, 11, 11, 1, n/a, 11, 16, n/a, 2, 1, 2, 1, 1, 11, 6, 2, 4, all, 1, 2, 3, n/a, 2, 3, 2, 3, 10, 1, 1, 1, 5, 2, all, 3, 1, n/a, n/a, n/a, 7, 3, 2, 27, 27, n/a, 11, 3, 1, 6, n/a, 1, n/a, n/a, 2, 1, 4, 2, 3, 3, 2</p> <p>Distribution: (n= 67) n/a = 11, 1 = 16, 2 = 11, 3 = 11 4 = 3, 5 = 1, 6 = 2, 7 = 1, 10 = 1, 11 = 5, 16 = 1, 27 = 2 all = 2</p> <p>Total number of funding sources reported = 219 (avg. per supervisor responding = 3.27 After discounting the n/a's and all's)</p> <p>Range = n/a to all Mean =3.27</p> <p>Median = 6 Mode = 1</p>				
<p>9. Please list any management staff members within your center/office who were inadvertently not included in the attached list of key management staff.</p>	<p>Names suggested and job classification titles from DAS data file:</p> <p>Total = 21</p>				
<p>10. Do you find financial management and budgeting reports adequate and do you understand them? (72 responses - for actual responses see appendix XX)</p>	<p>N/A 9 - 13%</p>	<p>Adequate 21 - 29%</p>	<p>Partially Adequate 13 - 18%</p>	<p>Not Adequate 29 - 40%</p>	
<p>11. What additional financial information do you need for better management? (73 responses - for actual responses see appendix XY)</p>	<p>N/A or None 20 - 27%</p>	<p>Budgets or Reports 27 - 37%</p>	<p>Training 7 - 10%</p>	<p>Data Bases 6 - 8%</p>	<p>Other Needs 13 - 18%</p>

<p>12. How does ODE's strategic plan (vision, mission statement and goals) affect your role as a manager?</p> <p>(67 respondents yielding 98 responses)</p>	<p>The strategic plan helps to <i>drive, guide, focus, frame, align and clarify our work/roles</i> = 42 - 43 %</p> <p>Provides a <i>template for setting work and establishing individual and office goals and responsibilities</i> = 14 - 14%</p> <p>Aids in <i>setting priorities, planning, organizing, coordinating, working collaboratively</i> = 10 - 10%</p> <p>Aligns <i>resources/budget with goals and strategies</i> = 6 - 6%</p> <p>Focus for <i>performance appraisal, accountability and reward, measurable objectives, monitor and change</i> = 9 - 9% /</p> <p>Helps support our <i>customers, collaborate efforts</i> = 4 - 4%</p> <p><i>Fuzzy, hard to understand, Limited impact</i> = 3 - 3%</p> <p>Improving results through <i>effective internal and external communication</i> = 3 - 3%</p> <p>N/A = 2 - 2%</p> <p>Provides <i>leadership building capacity</i> = 1 - 1 %</p> <p>Helps to <i>evaluate programs</i> = 1 - 1%</p> <p>It gives <i>directions to my work with the Ohio congressional delegation.</i> = 1 - 1%</p> <p>Internal operations not specifically addressed, but strategic plan provides the <i>infrastructure to support activities</i> = 1 - 1%</p>
<p>13. Additional comments written on the reverse side of this questionnaire.</p>	<p>Only one respondent added additional comments. The comments are listed below:</p> <p>Upper management is not properly prioritizing how PCN's (<i>position control numbers</i>) should be filled when vacancies exist.</p> <p>Too many management positions were created which creates many wonderful ideas, but there are less people to carry them out, which forces more expensive outsourcing arrangements and more frustrated staff.</p> <p>Baldrige principles that are being touted by upper management are not being followed by the same people.</p> <p>Employees are not valued by upper management. This is demonstrated by actions (on inactions) not words.</p>

Source: Responses to the Management Questionnaire - Appendix 4.3

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

Appendix 4-4 Detailed Analysis of the Management Questionnaire Responses

ODE Management Questionnaire Items	Responses
1. To whom do you report within ODE's organizational structure?	<p>No Response - 0</p> <p>Reports to one person - 47</p> <p>Reports to two people - 3</p> <p>Reports to three or more people - 0</p>
2. Who is responsible for completing your annual performance appraisal?	<p>Same as the person as listed in number 1. = 64</p> <p>Different/additional person(s) listed in number 1. = 2</p> <p>Did not know = 1</p>
3. How many employees work within your center/office?	<p>Center - 126, 74, 73, 70, 69, 65, (avg. = 159)</p> <p>Office - 114, 110, 90, 89, 63, 60, 59, 53, 50, 50, 46, 45, 40, 40, 35, 26, 26, 26, 26, 25, 24, 24, 24, 23, 19, 16, 15, 11, 11, 11, 10, 10, 9, 9, 9, 9, 9, 7, 7, 7, 7, 6.5, 6.5, 6.5, 6, 6, 6, 6, 6, 5, 4, 3, 3, 3, 3, 2 unknown or n/a (4) (avg. = 23.3)</p>
4. How many subordinate employees do you have responsibility for evaluating?	<p>Reported number of subordinates evaluated: 0, 3, 5, 4, 0, 8, 8, 22, 1, 6, 22, 22, 7, 2, 2, 3, 11, 2, 5, 0, 11, 13, 5, 19, 6.5, 6, 8, 0, 3, 7, 0, 8, 6, 0, 4, 5, 8, 0, 1, 16, 4, 6, 2, 5, 0, 10, 3, 11, 2, 10, 4, 0, 5, 6, 1, 3, 10, 10, 1, 12, 1, 11, 4, 5, 9, 9, 11</p> <p>Distribution: (n= 67) 0 = 10, 1 = 4, 2 = 5, 3 = 5, 4 = 5, 5 = 7, 6 = 5, 6.5 = 1, 7 = 2, 8 = 5, 9 = 2, 10 = 4, 11 = 5, 12 = 1, 13 = 1, 16 = 1, 19 = 1, 22 = 3</p> <p>Total subordinates evaluated = 413.5 (avg. per supervisor responding = 6.2)</p> <p>Range = 0 to 22 Mean = 6.17</p> <p>Median = 7 Mode = 0</p>

<p>5. Whom among your subordinates have responsibilities for evaluating other employees?</p>	<p>Responses - 0, 3, 0, 2, 0, 0, 0, 1, 0, 0, 22, 12, 0, 1, 0, 2, 10, 1, 0, 0, 0, 0, 16, 9, 0, 6, 6, 0, 0, 6, 0, 0, 0, 0, 0, 6, 0, 0, 1, 0, 0, 10, 2, 1, 0, 3, 0, 1, 0, 2, 3, 0, 3, 1, 0, 3, 0, 1, 0, 0, 0, 0, 4, 0, 0, 2, 0</p> <p>Distribution: (n= 67) 0 = 38, 1 = 8, 2 = 5, 3 = 5, 4 = 1, 6 = 4, 9 = 1, 10 = 2, 12 = 1, 16 = 1, 22 = 1</p> <p>Total subordinates evaluating others = 140 (avg. per supervisor responding = 2.09)</p> <p>Range = 0 to 22 Mean =2.09</p> <p>Median = 6 Mode = 0</p>
<p>6. For which programmatic/operational functions are you responsible?</p>	<p>All respondents were able to identify their programmatic and/or operational functions.</p>
<p>7. For which programmatic/operational functions do you share responsibility with other managers?</p>	<p>Responses - 0, 2, 0, 5, 4, 0, 0, 0, 1, 1, all, all, 0, 0, 0, 12, 3, 3, 1, 0, 3, 4, all, 4, 1, 0, 7, 0, 3, 0, 0, 3, 1, 2, 0, all, 0, 1, 7, 0, 0, 1, 3, 1, 1, 0, 0, 1, 2, 4, all, 1, 4, 7, 3, all, 0, 1, 0, 2, 1, 1, 1, 8, 2, 0, 1</p> <p>Distribution: (n= 67) 0 = 22, 1 = 16, 2 = 5, 3 = 7, 4 = 5, 5 = 1, 7 = 3, 8 = 1, 12 = 1, all = 6</p> <p>Total number of shared functions reported = 113 (avg. per supervisor responding = 1.76)</p> <p>Range = 0 to 12 Mean =1.69</p> <p>Median = 4 Mode = 0</p>
<p>8. Using the attached list of revenue fund sources (numbered 1-96), list the numbers of funds from which your programmatic/operational functions receive funding.</p>	<p>Number of different funds listed: n/a, 3, 1, 3, 3, 4, 1, 1, 4, 1, 11, 11, 1, n/a, 11, 16, n/a, 2, 1, 2, 1, 1, 11, 6, 2, 4, all, 1, 2, 3, n/a, 2, 3, 2, 3, 10, 1, 1, 1, 5, 2, all, 3, 1, n/a, n/a, n/a, 7, 3, 2, 27, 27, n/a, 11, 3, 1, 6, n/a, 1, n/a, n/a, 2, 1, 4, 2, 3, 3, 2</p> <p>Distribution: (n= 67) n/a = 11, 1 = 16, 2 = 11, 3 = 11, 4 = 3, 5 = 1, 6 = 2, 7 = 1, 10 = 1, 11 = 5, 16 = 1, 27 = 2, all = 2</p> <p>Total number of funding sources reported = 219 (avg. per supervisor responding = 3.27 After discounting the n/a's and all's)</p> <p>Range = n/a to all Mean =3.27</p> <p>Median = 6 Mode = 1</p>

<p>9. Please list any management staff members within your center/office who were inadvertently not included in the attached list of key management staff.</p>	<p>Names suggested and job classification titles from DAS data file:</p> <p>Director (1) Assistant Director (1) Public Inquiry Supervisor (1) Programmer/Analyst Supervisor (2) Fiscal Officer 3 (1) Administrative Officer 1 (1) Educational Employee Administrator (3) Educational Employee Consultant 3 (2) Exempt Educational Employee (1) Administrative Assistant 4 (1) Executive Assistant (1) Systems Programmer Supervisor 1 (1) Names not listed on ODE's data file of 08/04/00 (5)</p> <p>Total = 21</p>
<p>10. Do you find financial management and budgeting reports adequate and do you understand them?</p> <p>(72 responses - for actual responses see appendix XX)</p>	<p>N/A = 9 - 13% Adequate = 21 - 29%</p> <p>Partially Adequate = 13 - 18% Not Adequate = 29 - 40%</p>
<p>11. What additional financial information do you need for better management?</p> <p>(73 responses -for actual responses see appendix XY)</p>	<p>N/A or None = 20 - 27% Budgets or Reports = 27 - 37%</p> <p>Training = 7 - 10% Data Bases = 6 - 8%</p> <p>Other Needs = 13 - 18%</p>

<p>12. How does ODE's strategic plan (vision, mission statement and goals) affect your role as a manager?</p> <p>(67 respondents yielding 98 responses)</p>	<p>The strategic plan helps to <i>drive, define, guide, focus, frame, align and clarify</i> our work/roles = <i> </i> (42)</p> <p>Provides a template for setting work and establishing <i>individual and office</i> goals and responsibilities = <i> </i> (15)</p> <p>Aids in setting core <i>priorities</i> = <i> </i></p> <p>Core foundation that drives <i>planning</i> and day to day functions = <i> </i></p> <p>Promotes administrative team <i>working collaboratively</i> and <i>coordinated</i> across office sections and units = <i>/</i></p> <p>Has the potential for creating a <i>high performing</i> organization = <i>/</i></p> <p>It allows us to see the <i>whole in relation to the parts</i> = <i>/</i></p> <p>Helps us <i>organize</i> the important and strategic = <i>/</i> (10)</p> <p>Aligns <i>resources</i> with goals and strategies = <i> </i></p> <p>Ensure <i>resources</i> (human & fiscal) are dedicated to meeting mission and goals of ODE and work unit's plan of operation = <i>/</i></p> <p><i>Budget</i> is based on strategic plan = <i>/</i></p> <p>It clearly guides our development of the state board's <i>budget</i> and policy recommendations. = <i> </i> (6)</p> <p>Focus for <i>evaluation/performance appraisal</i> system = <i> </i></p> <p>Helps to establish clear, <i>measurable objectives</i> = <i> </i></p> <p>Allows us to <i>monitor and change</i> as needed = <i>/</i></p> <p>Aids each employee to develop their <i>own personal capacity</i> to reach the ODE vision = <i>/</i></p> <p>Creates an atmosphere of rational <i>accountability and reward</i> = <i>/</i> (9)</p> <p>Helps support our <i>customers</i> = <i> </i></p> <p>Helps to <i>collaborate efforts</i> of educational organizations = <i>/</i></p> <p>Helps to ensure a caring, competent and ethical <i>profession</i> in every classroom = <i>/</i> (4)</p> <p>Still <i>fuzzy</i> about what will happen when all office plans are reviewed by associate superintendents = <i>/</i></p> <p>Somewhat <i>hard to understand</i> how the chain of command works = <i>/</i></p> <p><i>Limited impact</i> = <i>/</i> (3)</p> <p>N/A = <i> </i> (2)</p> <p>Improving results through effective internal and external <i>communication</i> = <i> </i> (3)</p> <p>Provides <i>leadership building capacity</i> = <i>/</i> (1)</p> <p>Helps to <i>evaluate programs</i> = <i>/</i> (1)</p> <p>It gives directions to my work with the Ohio <i>congressional delegation</i>. = <i>/</i> (1)</p> <p>Internal operations in not specifically addressed in the strategic plan, but provides the infrastructure to support activities. = <i>/</i> (1)</p>
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<p>13. Additional comments written on the reverse side of this questionnaire.</p>	<p>Only one respondent added additional comments. The comments are listed below:</p> <p>Upper management is not properly prioritizing how PCN's (<i>position control numbers</i>) should be filled when vacancies exist.</p> <p>Too many management positions were created which creates many wonderful ideas, but there are less people to carry them out, which forces more expensive outsourcing arrangements and more frustrated staff.</p> <p>Baldrige principles that are being touted by upper management are not being followed by the same people.</p> <p>Employees are not valued by upper management. This is demonstrated by actions (on inactions) not words.</p>
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Source: Responses to the Management Questionnaire - Appendix 4.3

Scale - 5-Strongly Agree, 4-Agree, 3-Neutral, 2-Disagree, 1-Strongly Disagree, n/a - Not Answered

Respondent classifications: Administrative/Management (A), Educational Consultant (E), Classified Staff (C) and Other (O)

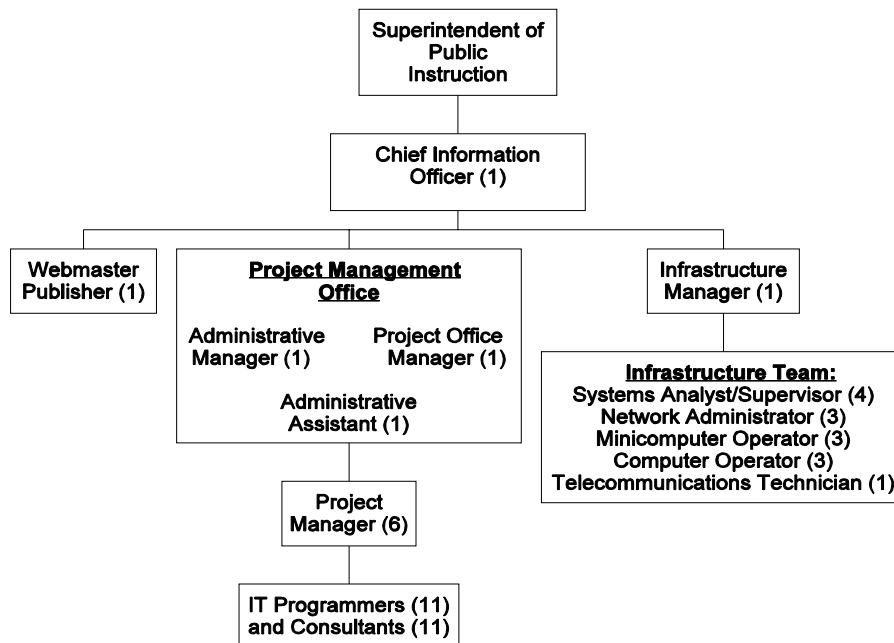
Technology Utilization

Background

Organization Chart

Technology implementation and management at the Ohio Department of Education (ODE) are performed by the Office of the Chief Information Officer (OCIO). OCIO has changed to a project management system of organization in order to better reflect the changing role of technology at ODE. This new organization is represented in the chart below. Total numbers of positions are shown in parentheses.

Chart 5-1: OCIO Organizational Structure ¹



Source: OCIO organizational chart

¹ Total number of positions shown is total available positions, which exceeds actual OCIO staffing.

The project management office consists of a Project Office Manager and an Administrative Manager. The Administrative Manager is in charge of all interim consultants working within OCIO and acts as a liaison between the Chief Information Officer (CIO) and the project managers. Each project manager is responsible for maintaining and supporting technology in a particular ODE center. The centers include Teaching Profession; School Reform and Options; School Finance and Accountability; Students, Families, and Communities; Curriculum and Assessment; as well as a Superintendency Liaison. Beneath each project manager is a team of in-house information technology (IT) consultants and programmers that performs applicable technology functions in each respective center.

Organization Function

The CIO position was created in 1999 in response to a management study performed by KPMG LLP. The report, dated July 9, 1999, recommended the creation of the position and provided suggestions for the implementation of the CIO office concept. At ODE, the CIO reports directly to the Superintendent of Public Instruction and is responsible for the following general activities:

- Contribute to ODE policy formulation and decision-making
- Establish effective OCIO organization from the administrative level to the user level
- Develop a strategic technology plan that is aligned with ODE's strategic plan
- Develop a comprehensive OCIO budget, as well as technology standards and processes that support the strategic technology plan
- Establish collaborative relationships with other educational technology organizations, including the Ohio Education Computer Network (OECN) and Ohio SchoolNet Commission (OSNC)

The Webmaster Publisher is responsible for the coordination and development of ODE's Web site and Intranet, as well as assisting management in various capacities, including leadership and network planning.

The Administrative Manager is responsible for administrative functions within OCIO and performs the following general duties:

- Acts as a liaison between the CIO and the project managers
- Monitors the work and performance of on-site contracted employees
- Evaluates employee performance and quality control standards
- Facilitates and manages system development
- Performs related administrative functions, including budget preparation and long-range planning

The Project Office Manager coordinates technology project management for ODE and assists in performing administrative functions for OCIO. Specific functions include the following:

- Develop job descriptions and post position vacancies or openings
- Interview prospective employees of OCIO
- Coordinate training for OCIO employees
- Coordinate project management efforts between ODE centers
- Assist project managers in developing goals and statements of work

Project managers act as liaisons between OCIO and the centers and manage all technology operations within their respective centers. Specific technology-related center functions are performed by teams of programmers and consultants. Programmers are responsible for the following functions within ODE centers:

- Developing, updating, and maintaining high-level language programs for the completion of specific center objectives
- Reviewing operational systems to assure effectiveness and revising system designs as necessary to address operational deficiencies
- Analyzing user needs and software recommendations for network and system compatibility

ODE consultants share some of the responsibilities of programmers and provide the following additional services:

- Continuously evaluate the operation of applications and systems to develop more efficient and effective uses of technology
- Remain knowledgeable of information technology concepts and attempt to integrate innovative solutions into ODE processes
- Identify and address state-wide networking issues through meetings with ODE staff, school district staff, and OECN staff
- Provide technical computer assistance to systems users and programming staff

The infrastructure team develops, updates, and maintains network configurations both at ODE and at the statewide level. The infrastructure manager supervises these operations and is also responsible for the development and monitoring of ODE's disaster recovery plan and technology procurement procedures. Other positions in the infrastructure team and a brief description of duties are as follows:

- **Systems Analyst/Supervisor:** provides technical guidance regarding software capabilities and computer system performance and allocates resources or provides design recommendations as needed
- **Network Administrator:** develops security policies and procedures and analyzes hardware and software purchase recommendations for system compatibility

- **Minicomputer Operations Technician:** installs, configures, and operates mini, micro, and personal computers and provides technical assistance to users
- **Computer Operator:** monitors administrative computer systems and performs complex administrative computer functions, as well as providing technical support for lower level technology functions
- **Telecommunications Technician:** installs and configures telecommunications devices including personal computers, terminals, modems, telephones, fax machines, and peripheral devices such as printers and scanners as well as performing preventive and replenishing maintenance on these items

Summary of Operations

All major technology-related functions at ODE are the responsibility of OCIO. This includes the support and maintenance of current systems and applications as well as the integration of new technology. OCIO develops and supports administrative applications at ODE, including budgeting, payroll, accounting, human resources, and various state education programs. OCIO is responsible for the acquisition of technology that is used throughout ODE such as mainframes, servers, infrastructure items, and standard software packages. All other software, as well as PC's, printers, and any other personal or office hardware are the responsibility of each office. This allows offices within ODE to design their software and hardware needs around the specific function of each office.

OCIO administers funding to the OECN, which is comprised of 23 data acquisition sites (A-sites). The OECN was commissioned by Ohio's General Assembly in 1980 to provide technology administration and support to school districts as well as the aggregation of data for the Education Management Information System (EMIS). The state software development team (SSDT), a division of the OECN, designs programs and systems to aid in the distribution of technology to Ohio's school districts. The OSNC works with OCIO to provide Ohio's public school districts with information systems and integrated technology for instructional and administrative purposes.

General OCIO functions include the following:

- Maintenance of administrative hardware (mainframe computer and administrative servers)
- Implementation of new technologies at ODE
- Provision of help desk support services to ODE users
- Review of technology purchases for ODE to ensure compatibility and necessity
- Oversight of educational technology organizations, including OECN, OSNC, and SSDT

Staffing

Table 5-1 presents staffing information by position for technology personnel at ODE. As of July 2000, OCIO had the following staffing levels. All employees are full time.

Table 5-1: OCIO Staffing

Position/Responsibility	Number of Staff	Number of Vacancies	Total Number of Positions
Chief Information Officer ¹	1	0	1.0
Webmaster Publisher	1	0	1.0
Infrastructure Manager	1	0	1.0
Administrative Manager	1	0	1.0
Project Office Manager	1	0	1.0
Administrative Assistant	1	0	1.0
Project Manager	4	2	6.0
Systems Analyst/Supervisor	4	0	4.0
Network Administrator	2	1	3.0
Consultant ²	9	2	11.0
Programmer	8	3	11.0
Computer Operator	6	1	7.0
Totals	39	9³	48.0

Source: OCIO Table of Organization

¹ The CIO is considered part of the Office of the Superintendent. The position is included in OCIO in this report to accurately reflect technology staffing at ODE.

² These positions are full time within ODE. Private consultants were not included in this table or the accompanying staffing analyses.

³ The Department of Administrative Services (DAS) has approved four of these positions to be filled.

Technical Architecture

ODE provides statewide network connectivity for associated educational entities. ODE's wide area network (WAN) is accessible to the following educational institutions and offices:

- The State of Ohio Computer Center (SOCC)
- The Ohio Departments Building (ODE's main office)
- ODE's Worthington office
- The Ohio School for the Blind (OSB)
- The Ohio School for the Deaf (OSD)

Although the OECN is connected to ODE's network, it purchases network services directly from DAS and is part of the state WAN.

ODE has established WAN connections using a group of T-1 circuits leased from DAS. All individual hardware at ODE is connected via Internet Protocol (IP) and DECnet addressing and routing schemes. Some Macintosh hardware within ODE also supports Appletalk local area network (LAN) architecture, which is built into Macintosh computers and printers. Ohio's 23 A-sites are connected to the network through the OECN through dedicated T-1 and DS-3 circuits supporting asynchronous transfer mode (ATM) protocols. The A-sites then provide connectivity to their respective member school districts using a combination of DS-3, T-1, 64K, and 56K lines.

ODE's WAN and administrative functions operate on a Compaq Alpha cluster platform. Some of the key statistics describing the platform are outlined in **Table 5-2**.

Table 5-2: Mainframe Platform Overview

Model	Compaq Alpha Cluster
Location	SOCC
Initial Installation	August 1993
Memory	7.5 GB ¹
Tape Drives	4 cartridge drives 1 9-track reel-to-reel
Disks	350 GB
Operating System	Open VMS
Upgrades	May 2000
Language	COBOL
Servers	11 ²

Source: OCIO Systems Supervisor

¹This is the combined memory of the four machines comprising the Alpha cluster.

² ODE has 11 NT servers supporting E-mail and web applications at various locations including the OSD, OSB, and ODB.

ODE's website is maintained on one of the stand alone NT servers. This acts as a security feature in ODE's network by segregating public access to the Alpha platform. ODE's firewall is also maintained on a stand alone NT server and restricts activity on the WAN based on internal policies and priorities. All of ODE's servers operate on the WAN, but each performs a different function pertaining to ODE's technical operations, such as maintaining email or application software.

There are approximately 684 computers connected to ODE's network, including both desktop and laptop models. According to the CIO, approximately two-thirds of these systems are IBM-compatible personal computers (PC), and the remaining third are Macintosh. All employees of ODE have user accounts and network connectivity capabilities. Each ODE office is responsible for the purchase of computer hardware, software, and other equipment needed in the particular office, subject to OCIO approval. **Table 5-3** shows the number of users per office within ODE.

Table 5-3: Network Users Per Office ¹

Assessment and Evaluation	38
Board Relations	7
Communications	42
Child Nutrition Services	10
Cleveland Scholarship and Tutoring Program	7
Department Accounts	24
Document Management Services	16
Early Childhood Education	43
Federal Assistance	25
Grants Management	8
Human Resources	10
Information Management Services	41
Ohio Reads	5
Office of School Options	10
Professional Development	48
Policy Research and Analysis	8
State Board of Education	9
Student Development	27
State Department of Education Administration	60
Special Education	52
School Finance	56
Teacher Certification	28
Urban Schools Initiative	7
Vocational Education (Career Technical Education)	103
Total	684 ²

Source: ODE user account listing

¹ Temporary and general office user accounts are not included in this listing.

² Due to the inclusion of employees from the OSB and OSD and ODE's Worthington office, the total number of user accounts may exceed the total number of ODE employees given in other report sections.

Because offices within ODE purchase their own computer hardware, OCIO does not have an up-to-date listing or inventory of computer equipment. Warranties, maintenance agreements, and licenses are maintained by the office that purchased the equipment. OCIO currently maintains documentation pertaining only to administrative hardware and equipment and those items purchased within OCIO.

Major Applications

ODE is currently involved in the implementation of an enterprise resource planning system (ERP). This system, purchased from Oracle Corporation (Oracle), provides administrative functions in financial systems and human resources, as well as allowing for the direct interface of the modules within Oracle to reduce duplication of effort and allow more efficient use of technology and personnel. Modules are already in place at ODE for general ledger, accounts payable, accounts receivable, public sector budgeting, and purchasing. The human resources module is installed at OSNC. Phase two of the project includes the implementation of the Oracle grants management module. This module will allow all transactions pertaining to a specific grant to be centrally tracked and monitored. Phase two is expected to be completed by October 2000.

ODE has several major automated systems that process data and issue reports and funding to school districts and other educational institutions. These systems perform similar functions but are currently operated separately. With the development of the Oracle system and the use of ODE's data warehouse, some functions of these systems will be consolidated, including data collection, payment management and reporting. Data analysis will still be performed separately to meet the different needs and purposes of the systems. Those systems to be affected by this change include:

- School Finance Foundation
- Child Nutrition Services
- Vocational Education
- Grants Management

The Education Management Information System (EMIS) is an electronic data entry system through which Ohio school districts report to ODE information on students, staff, programs, services, and costs. The information is to be collected at an appropriate level of detail such that programs, services, and the related costs can be linked to student performance. Pursuant to Ohio Revised Code (ORC) Section 3301.0714, data must be compiled by district, building, and grade level, and should thus facilitate comparisons between school districts, as well as between buildings within a school district. Before the implementation of the current electronic system in 1993, school districts submitted much of the same data to the state via paper forms.

Until July of 1999, ODE was not permitted to collect student level data via EMIS. A-sites were required to receive data from school districts and aggregate it into school and building level reports before sending it to ODE. House Bill (HB) 282, passed in July, 1999, allows ODE to collect

unidentifiable student level data in order to provide better reporting capabilities while protecting the identities of Ohio's students. Since the passage of HB 282, ODE has been developing a plan for the redesign of EMIS that will change the way EMIS data is collected and used for administrative purposes, as well as expanding the use of EMIS data in Ohio's classrooms.

Several user-level applications are available for the input of EMIS data. School districts can choose their application for data entry from those offered by the OECN, including Pentamation, Campus America, and ACE. Another application, the Student Management Records System (SMRS), has been developed by ODE in an effort to standardize methods for data entry. The new EMIS design is being integrated with the SMRS in order to create a smoother flow of EMIS data. School districts will still have a choice as to the application they use for the entry of EMIS data. However, ODE is funding the SMRS and the integration of EMIS, through the OECN, as an incentive for schools to use the system.

ODE is connected to the Department of Administrative Services (DAS) via Ohio's Central Accounting System (CAS). CAS provides a wide variety of administrative functions for state agencies, including purchasing, cash disbursement, grants accounting, and vendor information. State agencies must also report human resources and payroll data to DAS using the statewide Human Resources Management System (HRMS). The ERP system being implemented at ODE will receive data from CAS to keep internal records updated and accurate. However, CAS will not be able to receive data from ODE's ERP, meaning some administrative functions that can be performed by the ERP will still have to be performed on CAS. No interface will exist between HRMS and ODE's Oracle system.

Financial Data

Most technology purchases at ODE are made at the office level. When offices develop their annual budgets, they must provide for any technology they plan to purchase, including PC's, printers, copiers and fax machines, as well as software packages and any other technology-related items needed by the particular office. Purchases are the responsibility of the offices, but all purchases must be approved by OCIO. Offices are also responsible for funding their technology use. ODE uses an internal service fund to finance technology services. Through this fund, OCIO bills each office based on the services provided to them. The costs billed to the offices have been based on various factors, including CPU usage and disk storage. OCIO is developing a new system that will bill offices based on a standard infrastructure use package.

OCIO administers finances through three other funds. The Technical System Development fund is a general revenue fund used for administrative hardware and software and major technology purchases for all of ODE. Although OCIO has some discretionary spending from this fund, most of it is earmarked for particular projects during the budget planning stages. This fund provides for

the development of the SMRS, the development of the relational database for EMIS data, the redesign of EMIS and the maintenance of ODE's data warehouse.

The OECN fund is administered by OCIO to the OECN and school districts for the fulfillment of various technological functions. InfoOhio, which is an automated network of school libraries across the state, is supported by this fund. The OECN fund also provides money to school districts and A-sites for statewide connectivity, including T-1 lines and administrative hardware such as mainframes and servers. A-sites also receive money from this fund for providing administrative functions for school districts, including accounting, payroll, and human resources. OCIO maintains a small portion of the money in this fund for the provision of administrative support services.

A-site and school district functions pertaining specifically to the collection, aggregation, and reporting of EMIS data are financed through the EMIS fund. This fund is also divided among the A-sites, school districts, and OCIO. Funds are distributed to A-sites and school districts for performing their respective EMIS responsibilities, and OCIO maintains a small portion of the fund for the provision of administrative support functions. **Table 5-4** shows OCIO expenditures by fund for FY 1999-00.

Table 5-4: FY 1999-00 expenditures for OCIO

Fund	Budgeted Expenditures	Actual Expenditures	Encumbrances	Available Balance
Technical System Development	\$3,150,000	\$1,953,216	\$294,758	\$902,026
OECN	\$25,089,771	\$23,921,930	\$1,167,841	\$0
EMIS	\$13,749,673	\$11,414,928	\$51,195	\$2,283,550
Computer Services	\$4,252,065	\$3,799,109	\$117,169	\$335,787
Total	\$46,241,509	\$41,089,183	\$1,630,963	\$3,521,363

Source: OCIO final appropriation resolution for FY 1999-00

Performance Measures

The following is a list of performance measures that were used to conduct the review of technology at ODE:

- Assessment of OCIO organizational structure and technology staffing levels
- Effectiveness of OCIO planning and management
- Assessment of technical architecture (hardware, networking and system software)
- Assessment of major ODE technology initiatives
- Assessment of major software applications and functional systems
- Assessment of OCIO financial management and budgeting procedures
- Effectiveness of the internal service fund in capturing technology costs
- Adequacy of technical training (ODE staff and OCIO personnel)

Findings / Recommendations / Commendations

Organization and Staffing

F5.1 In 1999, ODE created the position of Chief Information Officer (CIO) in response to a KPMG recommendation to have a technology officer reporting directly to the State Superintendent. The CIO oversees all aspects of technology at ODE and answers directly to the Superintendent of Public Instruction. The establishment of the CIO position allows OCIO to have direct input into the executive decision-making process at ODE, which is an integral relationship in any organization, given the changing and expanding role of technology in today's business environment.

Before establishing the CIO position, ODE had a Director of OCIO. The Director reported to the Chief Financial Officer and did not sit on ODE's executive leadership board. At that time, OCIO maintained a general hierarchical organizational structure, consisting of the director, an assistant director, an associate director, managers and supervisors. This structure was changed to a project management system to address organizational inefficiencies and KPMG recommendations.

F5.2 With the development of the CIO office, OCIO changed to a project management system of organization. Under this system, a project manager, with a team of programmers and consultants, is assigned to each center at ODE. These project management teams perform all technology-related functions within their particular center. For example, an OCIO programmer assigned to the project management team in the Center for Students, Families, and Communities would have an extensive understanding of the Child Nutrition payment and reporting system, which is operated within that center.

Given the unique organizational structure of ODE as a whole, the project management system seems to be an appropriate structure for OCIO. Several other states use a similar structure, although the nature of the project teams differs. The North Carolina Department of Public Instruction has an office of Information and Technology Services (ITS) that is operated by a Chief Technology Officer. ITS is divided into an Application Development Division, an Educational Technology Division, and a Networking Technology Division. Technology and Information Resource Management (TIRM) at the Oregon Department of Education has divisions of Web Services, Application Services, Infrastructure Support Services, Technology and Strategy, and Data Services.

While these departments are organized by functional areas of technology, OCIO is organized by functional areas of ODE. Project management teams within the centers perform programming and development functions in several areas. High-level technology functions affecting ODE as a whole are performed by the infrastructure team. This focus on specific

faculty and staff needs, as well as process management, is consistent with the Baldrige criteria being implemented at ODE (see the **Strategic Planning** section) and allows OCIO to custom design technology services based on the specific needs of the centers.

- F5.3 Within each center of ODE, project management teams are responsible for the daily operation of technology and act as a liaison to OCIO and outside consultants. Project managers attend meetings with the associate superintendents of their centers, as well as any office directors within the center, to determine technology tasks and priorities. OCIO administration is informed of the particular technology functions being performed in each center by OCIO staff, and the state superintendent receives quarterly updates concerning internal technology initiatives.

Each center has a different number and combination of OCIO programmers and consultants, based on the technological needs of the center. **Table 5-5** shows each center of ODE and the corresponding number of OCIO programmers and consultants.

Table 5-5: Project Management Team Staffing by Center

	Students, Families and Communities	Finance and School Accountability	School Reform and Options	Curriculum and Assessment	Teaching Profession	Superintendency
Project Manager	1	1	1	1	1	1
Programmers	3	3	2	0	1	5
Consultants	1	3	0	1	0	5
Total	5	7	3	2	2	11

Source: OCIO Organizational Chart

C5.1 ODE and OCIO seem to have adequately addressed organizational inefficiencies by changing to the project management system of organization. This system allows OCIO to deliver better, custom-designed services to technology users within ODE, while establishing the essential relationship between organizational technology needs and executive decision-making. The organization of OCIO is also consistent with ODE's Baldrige implementation and upon full development, should enhance the overall operations of ODE.

R5.1 OCIO should continually monitor the project management system and its ability to provide ODE technology users with a high level of service. The efficiency of the organizational structure of OCIO plays a large role in determining how effectively it can provide services. Assessing the system on at least an annual basis and addressing any organizational deficiencies can help OCIO maintain an efficient and effective service-providing role within ODE. The system should be assessed based on its ability to accomplish the goals and

objectives outlined in the strategic technology plan (see **F5.9** and **R5.5**). OCIO should also involve other ODE employees in the assessment of its organization and service, which could be done by involving the technology steering committee (see **R5.6**).

F5.4 The Gartner Group, a leading information technology consulting firm, advises organizations to examine the makeup of their computer user populations to determine appropriate staffing levels rather than devising a staffing formula. The firm suggests a classification consisting of three levels. The Gartner Group has found the following ratios of technical support personnel to end users to exist in organizations surveyed for the three general classifications of users:

- | | |
|--|----------------|
| ● Power user (technologically sophisticated user) | 1:30 |
| ● Office user (uses office software and business applications software, E-mail and Internet) | 1:60 to 1:100 |
| ● General (Minimal user of computers) | 1:125 to 1:300 |

OCIO officials estimate that over 90 percent of ODE users fall in the second category, while the remainder are divided between power and general users. For the purpose of this analysis, technical support staff is defined as only those individuals providing direct technical support to users for problems relating to personal hardware or software. Four consultants in OCIO are currently responsible for maintaining and repairing approximately 600 systems in use at ODE. This amounts to one technical support FTE for every 150 workstations. Although OCIO plans to hire four additional staff, none of these will have help desk or technical support responsibilities. The remaining vacancies shown in **Table 5-1** have not been approved by DAS.

R5.2 ODE should consider applying the Gartner Group analysis, or any other rational methodology, to determine the appropriate staffing level for technical support. Using the above ratios as benchmarks, OCIO appears to be understaffed for technology support services. For example, using the most conservative ratio of 1 technical support person for every 100 workstations, ODE would need to hire two additional technology support positions. However, OCIO should also consider the possibility of reallocating current staff to support services or training all project management staff and team members to provide support service as needed in their respective centers. In determining the number of necessary support staff, ODE should consider the existing and future volume of hardware and software as well as the technical skill level of ODE users and the desired level of technical support services.

Financial Implication: If ODE could provide additional technical support with existing staff through reallocation or additional training, there would be no additional cost for improving these services. However, if this is infeasible, the total cost of hiring two additional technical

support staff, including salary and benefits, should be approximately \$117,000. This range is based on the Civil Service Contract for the State of Ohio for FY 2000-01.

F5.5 OCIO hires private contractors to complete or assist with some technology projects at ODE. Contractors are used for administrative, development, implementation, and programming functions. In FY 1998-99, OCIO had eight contracts worth a total of \$204,180. In FY 1999-00, however, OCIO had 11 contracts worth a total of \$2,551,400. This amount includes a \$2,100,000 contract with Battelle for the development of the SMRS and a \$312,800 contract with Solutions Consulting for the implementation of ODE's Oracle system (see **F5.20**). The remaining contracts were for significantly smaller functions that currently fall outside the scope of OCIO job descriptions or staffing capacity.

R5.3 OCIO should determine which recurring contracted functions could be performed by in-house staff. While it could be cost-prohibitive or generally unfeasible to perform some functions in-house, such as the Oracle implementation or development of the SMRS, others could be cost-effective or otherwise advantageous. Upon identifying those functions that can be brought in-house, OCIO should change staff job descriptions accordingly to ensure that all necessary functions are completed. Because OCIO is funded by offices of ODE through the internal service fund, enhanced in-house performance could provide a measure of accountability for OCIO to ODE technology users. Establishing better training procedures, as outlined in **R5.21**, could help OCIO equip its staff with the information and abilities necessary to perform functions in-house that are currently performed contractually.

Financial Implication: Although some projects, such as the implementation of Oracle or the SMRS development, would be infeasible to perform in-house, OCIO contracted an additional \$138,600 worth of services in FY 1999-00. While it may not be feasible to bring all these services in-house due to staffing restrictions, OCIO should remain cognizant of the potential cost savings associated with enhancing or extending in-house capabilities. The additional provision of professional development training, as outlined in **R5.21**, could help OCIO realize savings in this area.

F5.6 OCIO staff are divided between ODE's main office and an office suite at SOCC, a state owned, high security building specifically designed to house computer operations for state agencies. The complex was built in 1992, and in August of 1993, ODE relocated all computer operators and programmers to the office in that building. Upon the relocation of ODE's main office in October 2000, operators will be relocated from SOCC to the new office. At that time, only one computer operator will use the SOCC facility as needed. It will function as a "lights out" facility that houses administrative hardware and serves as a "recovery site" where OCIO could resume technology operations for ODE in the case of an event affecting operations at the main office.

As of the summer of 2000, all computer operators and programmers are housed at SOCC. Because major administrative hardware and applications are located and operated at SOCC, housing unnecessary personnel in the facility exposes these systems to damage or tampering. While OCIO has established security procedures to protect administrative functions at SOCC, relocating staff to ODE's main office will ensure that equipment and applications cannot be affected by unnecessary personnel access. One computer operator will use the SOCC facility to perform duties related to the operation and maintenance of the administrative hardware, but no other employees will have access to that office without management's approval.

C5.2 By limiting access to administrative computing resources to only OCIO personnel with a documented and authorized need for such access, OCIO should reduce the risk of damage to ODE technology equipment. Having unnecessary personnel at SOCC increases the chances of equipment being damaged through either unintentional or malicious acts. Additionally, the integrity and accuracy of the data residing on this equipment is further protected by the limited access.

F5.7 The OECN is a network of 23 A-sites that aggregate EMIS data for school districts and perform a variety of other administrative and instructional technology services. OCIO administers funding to the OECN (see **F5.29** and **F5.30**) for the completion of these tasks, and can therefore stipulate how the funds are spent. The A-sites are located throughout the state and serve school districts within their region, although districts may choose to work through an A-site from another region.

The services provided to school districts, as well as the fees charged for certain services, vary from A-site to A-site. For the most part, fees are based on the number of students in a district, based on average daily membership (ADM). Some A-sites provide all available services on a flat per ADM rate. Most, however, charge a flat rate for the aggregation of EMIS data and additional fees for the provision of additional services, such as software, training, and networking abilities.

F5.8 A-site aggregation of EMIS data is a costly, but necessary service for many school districts. Before the adoption of HB 282, ODE was prohibited from receiving student level EMIS data, which is how the data is entered by school districts. This required the aggregation of data by A-sites. Although a few of the larger school districts in the state have the financial and technical capacity to aggregate their own EMIS data, the vast majority have been required to use, and pay for, this service.

Since the adoption of HB 282, ODE is allowed to receive coded student level data, which has prompted an interest in redesigning EMIS (see **F5.25**). The redesigned EMIS, which should begin full-scale operation by the end of the 2001-02 school year, will not require data

aggregation, and should thus facilitate the elimination of A-sites from the data collection process.

R5.4 In redesigning the EMIS system, OCIO should establish the feasibility of school districts collecting and submitting their own information without the assistance of A-sites. OCIO could provide the SMRS software (see **F5.26**) directly to school districts and provide other support services currently provided by the OECN. This direct connection between ODE and school districts could streamline the EMIS data collection process and address some of the concerns district officials have about EMIS. School districts could still use the sites by choice, or for other services, but the nature of the EMIS system should not require A-site utilization, as many school district officials have expressed dissatisfaction with the level and cost of services provided by A-sites.

ODE personnel have indicated that a direct link between ODE and school districts could potentially lead to a decrease in the number of A-sites statewide, creating a significant cost savings for ODE and school districts. The OECN, however, does not foresee A-site closings as a result of the EMIS redesign. ODE and school districts would each assume additional financial responsibilities in bypassing A-sites for data aggregation. These costs would potentially be offset by the associated cost savings, although the savings are unquantifiable at this time.

Planning and Management

F5.9 ODE's strategic technology plan is currently under development. The last available draft is dated February 23, 1999. OCIO plans to submit a completed draft of the strategic technology plan to DAS in November 2000, pending approval by ODE's senior leadership. The plan lists some major internal technology initiatives and projects. However, it does not provide a time frame for implementation, parties responsible for the implementation, or funding sources. Major tenets of the plan include the following:

- An introduction section which explains that ODE is beginning an analysis of current practices, working to recognize immediate needs, and developing an overall approach to technology improvements and innovations
- An executive summary section which provides a background of ODE and describes the current and future direction of technology initiatives at ODE
- An operational strategy section which outlines ODE's mission statement, goals and objectives, critical success factors, and strategic benefits
- An operational approach section that describes the processes and methodologies OCIO will employ in the pursuit of established technology initiatives
- A section on opportunity areas and improvement projects that outlines areas for concern and areas of possible improvement

- A section on quality assurance which has yet to be developed
- A section on assessing risk and change which has yet to be developed
- A provision for continuous innovation which has yet to be developed

R5.5 ODE should develop an in-depth strategic technology plan that addresses both short and long-term technology needs. In essence, the plan should describe long-term objectives and how technical staff, funding and resources will help ODE achieve these long-term objectives. The technology plan should support and be consistent with the ODE strategic plan (see the **Strategic Planning** section). The plan should also be presented to ODE management who must fully support the goals and objectives stated within the plan and ensure that adequate funding is provided. This funding should be based on the initiatives and activities identified in the strategic technology plan (see **F5.27**). In addition, ODE should establish an annual review and revision process that will allow the strategic technology plan to evolve with changes, both internal and in the community. Consistent with the Baldrige criteria currently being implemented at ODE (see the **Strategic Planning** section), effective strategic planning establishes sound leadership with a staff focus, as well as more effective process management to accomplish the goals outlined in the plan. The following steps should be taken to develop the planning process:

- Identify and analyze the business and education environment that the strategic technology plan must support
- Define key goals and objectives of ODE and establish measurable success factors for those areas
- Evaluate how existing hardware and software applications support the long-term goals and objectives of ODE
- Research significant industry trends relating to technology and educational organizations or other public sector organizations
- Determine what technology is needed to help ODE achieve its long-term goals and objectives
- Identify user requirements for education-related and financial software applications, as well as E-mail and Internet software
- Clarify internal training issues, such as basic computer skills development for all staff, and establish an internal process for scheduling more in-depth software training for particular staff members
- Establish management reporting lines of communication with the CIO, the Superintendent of Public Instruction, and the State Board of Education
- Develop an implementation plan

Effective technology planning can result in a computing environment which allows more efficient use of staff time. The result of this process should be a step-by-step action plan detailing how OCIO expects to meet ODE's long-term goals and objectives given the

existing technical architecture. The architecture is a blueprint that specifies the technical infrastructure (hardware, network configuration and system software), software application systems and database design. The proposed strategic technology plan should contain the following elements for each ODE initiative:

- A timetable
- Funding requirements and sources
- Individuals responsible for implementation
- An estimate of resource requirements to implement actions, including consultants, contractors or in-house staffing
- Staff development requirements
- A statement of expected benefits
- Benchmarks to determine progress in meeting stated goals

The timetable should be realistic in estimating ODE's commitment to the implementation of new technologies. A sound methodology will help ODE implement high quality applications with less risk and at a lower cost. The plan, along with the budget, should also address the issue of upgrades and future replacements of computer equipment, as well as software and associated staff development. Upgrades and replacements are important issues that OCIO should incorporate into its planning and budgeting processes.

F5.10 ODE does not have an active technology steering committee. Development of the strategic technology plan is the responsibility of the CIO. OCIO contracted with CGI, an international IT consulting firm, to assist in preparing the plan in 1999. With the help of CGI, OCIO expects to complete its strategic technology plan and submit it to DAS for approval by mid-November.

R5.6 ODE should consider creating a technology steering committee. In developing the committee, ODE should ensure that it consists of individuals from various functional areas so that it represents a wide array of internal interests. This representation would help to ensure that technology activities are coordinated and consistent with the overall strategic plan, goals and objectives. Minutes of the meetings should be maintained, and ODE should consider inviting community, business, and technology leaders to add additional technology knowledge and expertise. This perspective would help to assure that internal technology expenditures and activities are consistent and contribute to the accomplishment of educational goals and objectives. The functions of the technology steering committee should include the following:

- Develop and revise the strategic technology plan
- Set technology priorities and rank technology projects accordingly
- Evaluate the justification for new initiatives to determine if the project is consistent with the strategic technology plan and priorities

- Provide technical recommendations to senior leadership
- Review progress of technology projects
- Help resolve significant technology issues impeding project progress
- Assess implementation of new technology. For example, determine whether the technology is working as intended or whether adequate staff development and training was provided.
- Assess the capabilities and requirements of EMIS (see **F5.25** and **R5.14**)
- Establish technology standards and revise them as needed
- Ensure that the implementation and operation of technology is consistent and compatible with business and administrative goals
- Oversee the implementation, progress and effectiveness of significant technology programs
- Oversee the centralized procurement and tracking of technology (see **R5.18** and **R5.19**)
- Evaluate and revise the internal service fund based on the measures outlined in **R5.16**

The technology steering committee should meet on a regular basis, for example, quarterly. ODE should make a concerted effort to ensure that this committee remains active and is involved in the development and implementation of the strategic technology plan. The committee members should be valuable resources that ODE can use to evaluate proposals. For example, subcommittees could be formed to research possible technology solutions, identify specific hardware and software that would meet internal needs and make recommendations. The technology steering committee needs to take a strong role in the future of ODE's technology. Active oversight is necessary to ensure that appropriate technology is implemented in an efficient and cost-effective manner.

F5.11 OCIO has various controls and security features in place to protect technological systems, applications, and data at ODE. All technology systems are password protected, and more sensitive applications have additional application-level security protocols. Once access is granted to ODE's network, a firewall restricts access to certain content and functions on the Internet and Intranet. Administrative hardware and systems are further protected by controls on physical access. These systems are located at SOCC and require card key access that is only made available to necessary personnel. Adjustments to the firewall and card key access systems are made on an ongoing, as needed basis. Procedures are also in place for the termination of access to networks and equipment when an ODE employee leaves (see **F5.12**).

F5.12 ODE has policies and procedures governing the use of internal technology and communication devices. These policies are distributed to employees along with a "Certification of Understanding and Acceptance" (CUA). Employees must sign the CUA which is then given to the supervisor to sign. Each office is responsible for the enforcement

of the policies within that office. The following list outlines the policies in place at ODE governing the use of technology and communication devices:

- **Use of state-owned telephones:** Personal phone calls on ODE phones are to be made in emergency situations only and are to be reimbursed to ODE. Reimbursement is available for calls made on personal phones for state business.
- **Limitations on the installation of hardware or software on ODE computer systems:** All software in use at ODE must be properly licensed. No personal hardware or software is to be installed on ODE computers, regardless of license, although enforcement procedures are not in place for this policy.
- **Internal computer hardware and software acquisition:** All purchases involving computer hardware, software, or related services must be reviewed by OCIO and signed by a project manager to ensure compatibility with architectural standards.
- **Software copies and copyrights:** Users are not to copy, distribute, or use software in any way that is not provided for in the license. This policy allows for OCIO to perform physical audits of internal equipment to ensure that all applications are licensed and being used legally, although such audits do not currently take place.
- **Use of Internet, Electronic mail (E-mail), and online services:** OCIO will provide all Internet services to ODE within the guidelines set by DAS. Internet services are not to be used for personal business.
- **Use of voice mail:** ODE staff should make every effort to personally answer all incoming calls during normal work hours. If this is not possible, voice mail messages should be responded to in a timely manner.
- **Limitations on the use of publicly owned computer hardware and software:** ODE employees must comply with all policies pertaining to publically owned computer equipment pursuant to DAS policy OPP-008.
- **Termination procedures policy related to information systems:** Upon termination of any employee or contract worker, OCIO will take steps to remove the employee's access to user accounts and network computers, as well as ensuring the return of any state property.
- **Data architecture policy:** The creation and use of databases at ODE is to be approved by OCIO to ensure internal consistency and compatibility.

- **Use of state owned fax machines and copiers:** Personal use of these items is to be kept at a minimum. Employees using fax machines or copiers for personal business must reimburse the department at established rates.

C5.3 ODE has technical written standards governing the use of internal technology. Having standard policies and procedures in place governing the use of technology and communication devices helps to ensure that improper use of these items is not taking place and that data integrity and accuracy are not compromised. Additionally, requiring staff to sign policies, recognizing their understanding and acceptance, helps to ensure compliance with the policies, as well as protecting ODE from any issues that may arise due to the enforcement of the policies.

F5.13 ODE does not currently have formal enforcement procedures in place to prevent the installation of personal hardware and software on internal computer systems. While OCIO policies prohibit the installation of any personal hardware or software (**F5.12**), there are currently few means in place to ensure compliance with this policy. OCIO has taken measures to install the Windows NT operating system on all PC's and the OS 10 operating system on all MAC's. These systems allow OCIO to control the administrative functions of the computers, which will prevent users from installing or deleting hardware and software. OCIO expects to have these systems installed on all ODE workstations, although a formal work plan or timetable has not been developed. Once completed, this initiative should act as an effective measure against the installation of personal hardware and software.

The installation of unapproved personal hardware and software can create system configurations that are inconsistent with ODE's overall technical configuration, as well as causing compatibility problems between internal and external technology. Additionally, technology purchases at ODE are approved based on their ability to contribute to the strategic plan and objectives, along with maintaining a consistent and compatible technical configuration. Unapproved outside technology may not contribute to the accomplishment of these objectives and could be detrimental to ODE's network configuration.

R5.7 ODE should develop formal enforcement procedures to prevent the unapproved installation of personal hardware and software on computers and systems. This could include annual physical audits of technology inventory to ensure that only approved and licensed devices and applications are installed. OCIO efforts to have all systems operating on either Windows NT or OS 10 will greatly enhance ODE's ability to prevent unauthorized installations on computers. Additionally, the establishment of centralized technology procurement and tracking procedures as outlined in **R5.18** and **R5.19** would help OCIO enforce this policy. The development of formal procedures to monitor compliance with the policy can ensure that the integrity of ODE network configurations and applications is protected.

F5.14 OCIO does not have a formal disaster recovery plan for technology services. Daily backups are made of all ODE data and are stored off-site for data security and integrity issues. OCIO also has replacement insurance on all administrative hardware and software in the case that some *force majeure* disables operations. According to OCIO officials, the Manager of Infrastructure Services is responsible for the development and implementation of the disaster recovery plan. This position was filled in July 2000, having been vacant since the inception of the project management system.

OCIO does have an Emergency/Disaster Response Guide which contains valuable information and guidance for responding to emergency situations. However, it does not provide detailed procedures for the full recovery of ODE systems, such as EMIS, the Child Nutrition System (CNS), Vocational Education (VOC-ED), and the School Foundation Finance Fund. Without detailed, written recovery procedures, critical operations may not be restored in an effective and efficient manner. As a result, ODE could incur substantial costs in attempting to retrieve or recreate crucial information for internal or external purposes.

R5.8 OCIO should develop a disaster recovery plan outlining the steps to be taken by ODE and OCIO in the event of some catastrophic occurrence that disables technology operations for ODE. A disaster recovery plan can establish formal procedures to be taken and could decrease the amount of time necessary to resume operations. The plan should include the following elements:

- A business impact assessment that identifies essential business functions and the applications that support them
- Information continuity requirements based on the business impact assessment
- A list of technical recovery procedures and configurations
- A prioritized application recovery list
- Necessary procedures for operation recovery
- A list of personnel responsible for each phase of the recovery
- A provision for disaster recovery training for essential ODE staff
- A recovery testing plan

Once implemented, OCIO should perform periodic assessments and tests on the plan to ensure that it adequately addresses any issues that may arise in various disasters, as well as ensuring that personnel are sufficiently trained to carry out the procedures outlined in the plan.

Technical Architecture

F5.15 ODE's current network configuration consists of a WAN connecting several LANs that are maintained at various entities and buildings across the state. The WAN is maintained on the

Compaq Alpha cluster platform and uses a group of T-1 lines to establish connectivity between the LANs. Computer equipment on ODE's WAN uses a combination of IP and DECnet addressing and routing schemes to transfer information. Some Macintosh machines, including computers and network printers, also use Appletalk as an encapsulated LAN architecture. This application is built into Macintosh machines and is relatively easy and inexpensive to operate. Stand-alone NT servers operate the LANs at the following locations:

- SOCC
- Ohio Departments Building (ODE main offices)
- ODE's Worthington office
- Ohio School for the Deaf
- Ohio School for the Blind
- OECN

Upon the move of ODE's main office from the Ohio Departments Building in October 2000, ODE's network configuration will be modified. The current T-1 network will be replaced by an OC-3 (optical carrier) ATM circuit, and Appletalk will be phased out in favor of a more consistent application of IP protocols. OCIO is in the process of selecting a contractor to assist in the development of the new WAN configuration. Some administrative servers currently located at ODE's main office will be relocated to SOCC, which will simplify the configuration of the WAN and allow for a generally more effective flow of data.

F5.16 The Tri-Rivers Educational Computer Association (TRECA) maintains a T-1 line connection to ODE's WAN that is behind the firewall and maintained by non-ODE personnel. This connection allows TRECA to use ODE's administrative networks without being subject to the guidelines and restrictions built into the firewall. Essentially, ODE has no means to hold TRECA accountable for its technology use. The existence of this connection also raises the possibility of configuration or compatibility problems on the network.

All other A-sites in the state are connected to ODE's network through the OECN. This fiber optic network uses ATM technology to transfer network information to the A-sites in packets or cells. The A-sites then provide connectivity to their respective member school districts using a combination of T-1, 64K, and 56K lines.

R5.9 OCIO should take necessary steps to ensure that all direct WAN connections are managed by ODE personnel and are governed by the firewall. Additionally, procedures should be developed to continuously monitor the network/application configurations for operational inefficiencies. Such procedures could prevent the future establishment of any direct WAN connections that are not sanctioned or managed by OCIO and ODE's firewall. The existing problem with TRECA's connection should be addressed upon ODE's move in October 2000.

However, OCIO should remain cognizant of the possible existence of such connections and monitor the WAN and LANs accordingly.

F5.17 Most administrative hardware at ODE is maintained at SOCC by OCIO. This includes the mainframe, firewall server, and web server. Non-administrative hardware is supported, but not purchased or maintained, by OCIO. Offices within ODE are responsible for their own technology purchases subject to OCIO approval. Although this technology procurement method allows offices to tailor their technology purchases to their own needs, it places additional pressure on OCIO to support a broad range of systems. Additionally, the accumulation of many types of hardware and applications can create system efficiency and compatibility problems. See **R5.18** and **R5.19** regarding alternatives for the procurement of technology items within ODE.

F5.18 OCIO is in the process of developing hardware replacement specifications. The current replacement schedule depends on the technological priorities of each office, since offices purchase their own technology items. However, the use of old hardware increases maintenance and support costs for OCIO and adversely affects network efficiency. OCIO officials have indicated an interest in replacing hardware items every three to five years. Such a policy would be difficult to follow or enforce given the current technology procurement procedures at ODE. However, a centralized technology purchasing and tracking system, as outlined in **R5.18** and **R5.19** would be conducive to a standard replacement schedule.

R5.10 OCIO should follow through with the development of a standard computer replacement schedule. Establishing such a schedule ensures that all computer equipment is current and compatible while reducing the high maintenance and support costs associated with older machines. Additionally, a replacement schedule would inhibit the installation of unapproved hardware and software (see **F5.13** and **R5.7**) and assist OCIO in developing procedures to perform physical audits on computer equipment. Efforts to develop such procedures should be parallel to the development of centralized purchasing of technology as discussed in **R5.18** and **R5.19**.

Major Applications

F5.19 ODE has purchased Oracle Financials and Human Resources software as an enterprise resource planning (ERP) system to perform internal administrative functions. The ERP is a network of administrative functions that interface with each other to ensure data consistency and reduce duplication of effort. The modules purchased by ODE include the following:

- General ledger and chart of accounts
- Accounts payable
- Accounts receivable
- Public sector budgeting
- Purchasing
- Human resources
- Grants management

The human resources module was purchased and installed at OSNC. All other modules of the system have been installed at ODE except grants management. The installation and development of this module should be complete by October 31, 2000. The accounts receivable module is operational in various offices for testing. ODE expects to start integrating the system into all office procedures starting in January 2001 with full implementation in July.

F5.20 When the Oracle system was initially purchased, ODE contracted with Oracle to install and configure the system. However, according to OCIO officials, these services were not delivered as planned, so the contract was cancelled. In February 2000, OCIO filed an operating request with the State of Ohio Controlling Board to have Solutions Consulting, Inc. install the system. The operating request states:

The contract consists of implementing the General Ledger, Accounts Payable, Accounts Receivable and Budgeting modules for ODE and the Human Resources module for [School]Net. The full set of modules will be eventually implemented for both agencies.

As of August 2000, there are no formal plans for the installation of all modules at both agencies. However, according to the CIO, OCIO does plan to do this eventually.

The expected cost of the Oracle system has varied because of the problems with Oracle's consulting team. The initial estimate of the system's total cost was \$1,067,899 over three years (FY 1999 through FY 2001). However, as of the end of FY 2000, ODE has spent \$1,010,036 on the purchase and implementation of the system and has budgeted \$17,000 for Solutions Consulting to complete the implementation in FY 2001. The total cost of the Oracle system through FY 2001 should be \$1,027,036, although the cost of providing training to ODE personnel has not been determined. **Table 5-6** summarizes Oracle expenditures and appropriations for FY 1999 to FY 2001.

Table 5-6: Oracle expenditures and appropriations for FY 1999 - FY 2001

	FY 1999				FY 2000	FY 2001	Total
	Software	Maintenance	Support and Training	Consulting	Consulting	Consulting	
Oracle	\$373,836	\$105,649	\$34,958	\$103,704 ¹	\$96,089 ¹	\$0	\$714,236
Solutions	\$0	\$0	\$0	\$0	\$295,800	\$17,000	\$312,800
Total	\$373,836	\$105,649	\$34,958	\$103,704	\$391,889	\$17,000	\$1,027,036

Source: DAS Release and Permit for ODE's Oracle system and CAS pre-approval inquiries.

¹ ODE had budgeted \$233,056 and \$320,400 in FY 1999 and FY 2000 respectively for Oracle's consulting team to implement the system. Due to Oracle's consultants not performing the work specified in the allotted time, that portion of the contract was cancelled, and full payment was not made.

F5.21 ODE has several major computerized systems dealing with financial management for various purposes. The systems all serve the same basic purposes, but in different functional areas of ODE. The School Finance Foundation system tracks important operational data from school districts and administers funding based on a variety of formulas. The Child Nutrition Services system tracks information and administers funding and services to school districts in food planning and service areas. ODE's Vocational Education system tracks information on vocational education and provides administrative services and funding in this area. Finally, ODE has a grants management system that tracks and administers grant monies to school districts and educational institutions in the state.

These systems are currently separate systems with multiple input mechanisms and multiple means for the delivery of payments and services. The data collection, data analysis, payment management, and reporting tenets of these systems are all performed within each individual system. With the implementation of the Oracle system and the development of ODE's data warehouse, these systems will be consolidated to some extent. The data analysis function will be performed separately for each system to meet the different needs and purposes of the systems. However, the data collection, payment management and reporting facets will be combined into a single, streamlined system. ODE officials expect the new, consolidated system to reduce workload in these areas and enhance overall operational efficiency in providing services to school districts. Under the consolidated system, school districts would have enhanced capabilities to run management reports, access operational and student data, and perform current processes in a more streamlined and efficient environment.

C5.4 With full implementation of the Oracle system and the development of the data warehouse for information maintenance and organization, ODE hopes to enhance its ability to efficiently provide school districts with funding and services. This customer focus is consistent with the Baldrige management principles currently being implemented at ODE (see the **Strategic**

Planning section) and should give ODE greater accountability to school districts and other educational institutions.

R5.11 ODE should follow through with plans to consolidate applicable functions of major internal systems. This development should be parallel to the Oracle system and data warehouse implementation and integration. Upon completion of the system, ODE should assess its effectiveness against the objectives of the systems and continuously strive for new and better ways to serve its customers.

F5.22 ODE has not developed an adequate plan to effectively incorporate Oracle functions into daily operations. ODE has developed documents to guide the implementation of the Oracle system. These documents include a phased implementation plan with corresponding deadlines for system installations, flowcharts showing current and proposed data reporting procedures, and a listing of system interfaces that exist both within Oracle and between the Oracle system and outside systems, such as CAS and the School Foundation Finance System.

Although these documents serve as effective management tools during the installation of the system, documents pertaining to Oracle do not adequately address some issues dealing with the integration of the Oracle system into existing applications and procedures. While the planning documents describe which systems within ODE will be affected by or incorporated into the Oracle system, they do not outline how the changeover from existing systems, applications, and procedures to Oracle functions will take place. Additionally, planning documents do not contain a provision for training, which will be an expensive, but integral part of the changeover to the Oracle system.

R5.12 ODE should develop a detailed integration plan for the Oracle system. The plan should serve as a guide for the remainder of the implementation process and should address the following functions:

- Provide a list of functions to be completed, including the installation and development of remaining modules and interfaces
- Provide a list of changes to be made to existing ODE systems, applications, policies and procedures, including those that will be modified, dissolved or replaced by Oracle applications or procedures
- Provide a time line for the completion of each level of work
- Identify those people responsible for the completion of each task
- Identify the sources for any necessary funding
- Provide a training plan that identifies who will receive training, when training will be provided, who will provide it, and who will provide user support
- Provide a transition plan that outlines any policy or procedural changes to take place and describe how and when the changeover will be made from current to planned systems

The plan should be updated as deadlines are reached or functions are completed so the status of the project can be accurately tracked and assessed. Any changes to the project or its implementation status should be reflected in the integration plan.

Financial Implication: Based on Oracle's state term schedule, the provision of training to ODE staff for the Oracle system should cost approximately \$130,000. Training is an imperative element of effectively operating the Oracle system, and ODE should plan on the associated costs.

F5.23 Ohio's Office of Budget and Management (OBM) tracks all pertinent accounting information from state agencies in Ohio using the Central Accounting System (CAS). Besides compiling this information for state budget purposes, CAS also performs the following functions:

- Appropriations and allocations
- Purchasing and encumbrances
- Cash disbursements and voucher scheduling
- Revenue accounting
- Grants accounting
- Vendor information
- Capital projects
- Journal entries
- Reporting and inquiries
- Systems assurance and security

While agencies are not required to maintain all internal records of these applications on this system, all necessary data must be reconciled to CAS in order to accomplish the following general objectives:

- Allow for external reporting in accordance with Generally Accepted Accounting Principles while meeting internal reporting needs
- Respond to increased reporting demands by bond rating agencies and the federal government
- Support the budget and fiscal needs of all agencies in the state
- Build a foundation of accounting systems that is flexible enough to provide for future state reporting needs

F5.24 Several functions of ODE's Oracle system overlap functions provided by CAS and HRMS. While performing these functions on the Oracle system would be more efficient and consistent for ODE's purposes, some of the data must still be entered into the state systems to meet state reporting requirements. Performing these tasks on both systems would create an inefficient duplication of efforts. However, the Oracle system has been purchased, and

not using the system to the fullest extent of its capabilities would be a waste of resources. In an effort to avoid this, ODE and OCIO have discussed methods of complying with state reporting requirements while still making effective use of the Oracle system. Some methods that have been discussed for effectively using Oracle while meeting CAS and HRMS requirements include the following:

- Using Oracle human resources through OSNC to provide time and attendance reporting to school districts
- Tracking internal workflow and travel expenses on Oracle human resources and general ledger modules
- Replacing all ODE internal payment processes with Oracle accounts payable and accounts receivable modules
- Replacing internal requisitioning and purchase order processes with Oracle purchasing module

While data would still have to be entered into CAS and HRMS if these utilization strategies were implemented, ODE would be making more effective use of existing resources and streamlining internal procedures.

ODE currently has no concrete plans to use the purchasing module of the Oracle system. Purchasing is performed on CAS, and although Oracle's purchasing module will track data entered into CAS, purchasing functions will not actually be performed on Oracle. The module was part of Oracle's public sector application bundle and had a cost of \$7,500 plus \$1,800 in annual support.

R5.13 ODE should follow through with plans to extensively use the Oracle system for internal reporting and tracking procedures. Additionally, ODE and OCIO should continually assess internal procedures against the capabilities of Oracle to find new ways to use the system. The purpose of an enterprise resource planning system is to provide a broad range of administrative functions and establish interfaces between them to ensure data consistency and reduce duplication of efforts. Therefore, the more extensively the system is used for internal operations, the more advantageous the system is to ODE. If a technological environment arises in which the Oracle system could be used for external reporting requirements, ODE should immediately act to take advantage of this arrangement.

ODE should also be cognizant of the costs of major software applications. When purchasing applications in the future, ODE should purchase only those systems or modules that will be fully utilized.

F5.25 EMIS is an electronic system used to record and track data pertaining to students, staff, programs, services, and costs in Ohio's schools. The information is to be used for decision-

making purposes and is to be recorded in such a manner as to facilitate comparisons between school districts and specific school buildings. According to reports by the Legislative Office of Education Oversight (LOEO), the system has experienced data accuracy problems, although officials from OCIO, the OECN, and school districts agree that the current system is not as problematic as the old method of data reporting that involved recording information on paper forms and submitting them to ODE.

Until the passage of HB 282, ODE was prohibited from collecting data at the student level, which required the aggregation of the data by A-sites before submission to ODE. In July, 1999, HB 282 made an allowance for ODE to collect unidentifiable student level data. In an attempt to accommodate these new reporting capabilities while addressing historic data accuracy problems, OCIO is in the process of redesigning EMIS. School districts will enter student level data into a relational database, where the data can be easily corrected or verified. When the data is finalized, it will be transferred to ODE's data warehouse, where reports and queries can be run to facilitate better decision-making based on accurate EMIS data. A-sites will not be needed for the aggregation of data. However, the OECN will still provide data entry procedures and assistance to school districts as needed.

While ODE is now allowed to collect student level data, it is prohibited from identifying the particular student to which a data set applies. In order to facilitate the collection of this data without being able to identify the student, OCIO is working to develop a statewide student identifier system. This system will assign an identification number to every student in Ohio, which cannot be a social security number or other trackable identifier. Since ODE is not allowed access to this data, the system must be maintained by a contracted third party. School districts will have web-based access to the student identifiers in order to code EMIS data accordingly before sending it to ODE or their respective A-sites. The system was originally scheduled to be piloted in the spring of 2001 and fully implemented in the 2001-02 school year. However, the magnitude of the project has pushed the pilot back to the fall of 2001, with full implementation in the 2002-03 school year. **Table 5-7** shows appropriations for the EMIS redesign for FY 1999-00 through FY 2002-03. The EMIS redesign is being financed through ODE's Technical Systems Development fund.

Table 5-7: EMIS appropriations, FY 2000 through FY 2003

	FY 1999-00	FY 2000-01	FY 2001-02	FY 2002-03	Total Cost
Contracted Service	\$250,000	\$1,500,000	\$1,948,052	\$1,948,052	\$5,646,104
Maintenance/Supplies	\$0	\$150,000	\$194,805	\$194,805	\$539,610
Equipment	\$0	\$150,000	\$194,805	\$194,805	\$539,610
Total	\$250,000	\$1,800,000	\$2,337,662	\$2,337,662	\$6,725,324

Source: OCIO budget projections

R5.14 OCIO should follow through with the redesign of EMIS. Once in place, OCIO should put procedures in place to assess the system on a regular basis to determine if it is meeting reporting needs. Some factors that should be included in assessing EMIS include the following:

- Accuracy of the data
- Ability of management at all levels (ODE and school districts) to use the data for decision-making
- User friendliness of the system
- Additional costs and responsibilities of entering data on the new system

In assessing the system, OCIO should involve ODE staff that use the system, as well as staff from school districts and A-sites. Another possibility is having the Technology Steering Committee assess the system in order to have community and business involvement. The system should continually be monitored to ensure that it is meeting its objectives in an efficient and effective manner that is satisfactory to its primary users.

F5.26 School districts currently have a choice through their respective A-sites as to what application they use for the entry of EMIS data. The EMIS redesign is being integrated into SMRS to create a better workflow and more consistent transference of data. ODE is funding the project to encourage wide scale participation among school districts and A-sites. Battelle and Administrative Assistants Limited are the contractors responsible for the project, which has included the following activities:

- The Lake Erie Educational Computer Association (LEECA) and the Lake Geauga Computer Association (LGCA) began the pilot for the system in FY 1999-00
- The Northwest Ohio Computer Association (NWOCA), Stark/Portage Area Computer Consortium (SPARCC), and Northeast Ohio Management Information Network (NEOMIN) began making the system available to interested school districts in the summer of 2000

- Readiness assessments have been initiated for the Tri-Rivers Educational Computer Association (TRECA) and the Lakeshore Northeast Ohio Computer Association (LNOCA) to begin providing the system in the summer of 2001
- ODE expects three or four A-sites to begin providing the system to school districts every summer

R5.15 ODE should continue to encourage broad involvement and use of SMRS. Having a consistent method for the entry and aggregation of EMIS data could streamline these procedures and cut down on system errors causing data inaccuracies. ODE should also assess this system and its ability to efficiently contribute to the collection of EMIS data within the planned framework. The data collected by EMIS should serve a valuable purpose to education staff at all levels of ODE, A-sites, and school districts, and a system with a smooth and consistent workflow would only contribute to the ability of staff to use this data to better education in Ohio.

In developing and distributing the SMRS system, procedures should be developed to provide the system directly to school districts. Since the aggregation of EMIS data is no longer necessary, districts should be able to bypass the OECN in the collection and submission of EMIS data. In establishing A-sites as the administrators of the system, ODE is necessitating another step in the process, which, according to school district officials, costs additional time and funds and decreases the quality of service.

Financial Data

F5.27 OCIO operates four funds within ODE. The first is the Technical System Development fund, which pays for large internal technology initiatives, such as data warehousing and the implementation of the Oracle system. The second fund is comprised mostly of subsidies to the OECN and school districts for various administrative purposes. The third fund is the EMIS project fund, which provides for the operation and maintenance of EMIS. A very small portion of the expenditures in these funds goes to OCIO for the provision of administrative services. The final fund is the internal service fund. The money in this fund is not provided directly to OCIO from ODE. Rather, this fund is provided by all offices within ODE in exchange for technology implementation and support services. **Table 5-8** shows expenditures, appropriations and budget requests for the OCIO funds for fiscal years 1998-2003.

Table 5-8: OCIO expenditures and appropriations for FY 1998-2003

Fund	Expenditures			Appropriations	Budget Requests	
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Technical Systems Development	\$0	\$0	\$2,247,974	\$3,850,000	\$5,000,000	\$5,000,000
OECN ¹	\$21,669,327	\$21,562,402	\$25,089,771	\$37,004,086	\$43,539,409	\$46,990,301
EMIS ²	\$11,471,519	\$11,922,196	\$11,466,123	\$12,649,674	\$20,381,659	\$20,392,969
Computer Services ³	\$3,078,571	\$3,690,020	\$3,916,278	\$4,374,209	\$11,197,507	\$11,906,602
Total	\$36,219,417	\$37,174,618	\$42,720,146	\$57,877,969	\$80,118,575	\$84,289,872

Source: ODE FY 1998-99 Annual Report, OCIO budget projections

¹ The OECN fund varies largely based on legislative requirements.

² The increase in EMIS funding in FY 2002 reflects the completed development and deployment of the planned EMIS and student identifier systems.

³ The increase in computer services in FY 2002 reflects ODE's plans to relocate all School Finance personnel to OCIO.

ODE has estimated budget amounts for FYs 2002 and 2003 despite its lack of detailed technology planning documents and procedures. Expenditures cannot be accurately estimated or justified without a detailed account of what the funds will be used for. Full development of the strategic technology plan discussed in **F5.9** and **R5.5** would allow ODE and OCIO to develop more reflective budget estimates and better justify expenditures and appropriations to technology users within ODE.

F5.28 Major technology projects that fall outside the scope of standard OCIO services are financed through the Technical System Development fund. When OCIO is developing its annual and biennial budgets, these major projects are identified, and funding sources are discussed. It is at this phase that the decision is made as to what projects will be funded through the Technical System Development fund. Projects that qualify to be financed through this fund must either benefit ODE as a whole or provide a statewide technology service that affects the OECN, A-sites, and/or school districts. The fund does not provide continuing funding for existing projects, nor does it provide funding for OECN administrative services or the collection and aggregation of EMIS data. These funding needs are met through the OECN and EMIS funds, respectively (see **F5.29** and **F5.30**). Some current projects being funded by the Technical System Development fund include the development of the Student Management Records System and the redesign of EMIS, including the development of the relational database to be used for EMIS data.

F5.29 The OECN fund finances the OECN and A-sites for the provision of administrative services to school districts beyond EMIS data aggregation. Services such as payroll, general ledger and accounting, and time and attendance reporting are provided to school districts by A-sites and funded by ODE through the OECN fund. Additionally, InfoOhio is financed through this

fund. InfOhio is an electronic network of school district libraries across the state. As is the case with the Technical System Development fund, most of this fund is earmarked during the development of the annual and biennial budgets for OCIO. OCIO retains a small portion of these funds for the provision of administrative and support services.

F5.30 The EMIS fund covers standard operation and maintenance costs of EMIS. Subsidies are issued to the OECN and A-sites for the aggregation and submission of EMIS data, and school districts receive funds for the collection and entry of the data. As with the OECN fund, OCIO retains a small portion of this fund for the provision of administrative and support services. The division of funding levels from the EMIS fund is based on a formula that considers the amount of the data collection and aggregation that occurs at each level. When the redesigned EMIS system is fully implemented, the formula will be changed to appropriate more funds to school districts and OCIO and less to the OECN and A-sites. Under the planned system (see **F5.25**), school districts will have additional data-reporting responsibilities, and OCIO will be required to support these responsibilities. A-sites will still play a role in the aggregation of EMIS data. However, their role in the process is expected to decline, which would result in a congruent decline in EMIS funding.

F5.31 In-house expenses for OCIO are funded through an internal services fund. Through this fund, offices of ODE are billed for their technology usage based on factors established by OCIO. Billing has been based on various factors in the past, including CPU usage time and disk storage space. The system has had problems with appropriate billing and adequately estimating user requirements. To address these problems, OCIO has begun developing a new billing system that would bill offices based on the number of users it has with a standard infrastructure package. The standard infrastructure package is still being developed, but according to OCIO officials, it will include all necessary hardware and a standard package of software. The package would also include the provision of basic help desk support services. Under the planned system, offices will be billed monthly based on how many users they have with the standard infrastructure package. Additional products or services would be billed at an additional rate to only those users receiving them. Development of the system should be finished in FY 2000-01, and it should be operational in FY 2001-02.

R5.16 OCIO should continue to develop procedures for the internal billing of technology services. When the planned system is implemented, it should be assessed to determine its effectiveness in billing technology services. This assessment could be done by the Technology Steering Committee or some other committee, but not solely by OCIO personnel. Some possible measures for assessing the system include the following:

- Is the fund covering costs for OCIO?
- Are accurate and appropriate costs being billed to offices of ODE?
- Is the cost of using the system justified by the benefits?

- Are administrative and operational costs of the system appropriate given the levels of billing?

Assessing the system against a list of goals or objectives ensures that OCIO is efficiently operating the system and appropriately billing offices for technology services. Additionally, such assessments can provide ODE technology users with a measure of accountability for OCIO.

F5.32 The project management office is responsible for developing the annual and biennial budgets for OCIO. This involves developing proposed allocation amounts for all funds administered to school districts, data aggregation sites, the OECN, and any other organizations to which OCIO administers funds. The budgeting process within OCIO is outlined below:

- Based on informal discussions with the CIO, the project management office develops a budget proposal for all funds managed by OCIO.
- Any proposed changes in funding levels are determined by expected changes in staffing levels, salary and benefit costs, or level of service provided. Changes in the level of service are determined by the changing technology needs of other offices within ODE.
- The budget proposal is submitted to the CIO for approval and then to the state Board of Education before going to the Office of Budget and Management.
- When the final biennial budget is approved by the Legislature, any differences between the budget proposal and actual funding levels are reconciled to office budgets within ODE.
- Upon the formal receipt of funds by OCIO, actual allocation amounts are determined for the OECN and school districts.

While the OECN is not formally involved in the budgeting process, it can informally request particular budget increases based on specific business needs, such as new programs or expanded service. Also, because the OECN was commissioned by the Legislature, it can directly lobby the General Assembly for additional funds during the state budgeting process.

F5.33 OCIO does not use performance measures to determine if funds being spent are accomplishing goals and objectives. Performance measures are defined as a system of client-focused quantified indicators that let an organization know if it is meeting its goals and objectives. Performance measures are a management tool that measure work performed and the results achieved. These same measures form a basis for management to plan, budget,

structure programs, and control results. Measurement of performance helps to ensure continuous provision of efficient and effective services. Performance measures are also an effective means to determine if OCIO and ODE as a whole are performing consistent with the Baldrige principles (see the **Strategic Planning** section).

Because OCIO does not use performance measures or indicators, it is unable to track the performance levels of daily operations, link operations to objectives, or determine overall performance. Additionally, OCIO does not require external parties, such as the OECN or technology contractors, to formally report on the status of their work. Currently, information regarding the status of projects and contracts through outside agencies and vendors is shared informally with OCIO officials.

R5.17 OCIO officials should consider developing a method to obtain and analyze the results of internal and external performance. It is important that the measures be aligned with the strategic technology plan and the overall ODE strategic plan to effectively evaluate the performance of OCIO and other organizations for which OCIO controls the budget. Establishing performance measures consistent with the Baldrige criteria can ensure that OCIO and ODE are meeting their own goals as well as those of their stakeholders. OCIO should be vigilant in developing, updating, assessing and reporting performance measures for all facets of operation, both internally and for external agencies and contractors. Performance measures are an important component of establishing trust and accountability to OCIO customers. The implementation of a performance measurement system is an evolutionary experience in which measures will likely improve with experience. Initially, OCIO should focus on common indicators. The types of performance measures most commonly used in government include:

- **Inputs:** resources used (what is needed)
- **Outputs:** activities completed (what is produced)
- **Outcomes:** results achieved
- **Efficiency:** how well resources are used
- **Quality:** effectiveness (how much has OCIO improved)

Each measure is designed to answer a different question. It is not always necessary to use all of the types of performance measures to determine if an objective is being achieved. Good performance measures need to be specifically defined and identified. Clear explanations are necessary to indicate what is being measured, the source of the information, and how the value is calculated. The use and reporting of performance measures may increase OCIO efficiency and should keep ODE management and staff, technology users, and legislators better informed of the performance of OCIO and private technology contractors.

F5.34 ODE does not have centralized technology procurement procedures. Offices within ODE are responsible for their own technology purchases, subject to OCIO approval. Offices decide when to buy equipment, what to buy, and when to replace it. This includes hardware items such as computers, printers, and other peripheral devices, as well as most software items. Each office also tracks its own license and warranty information. This decentralized procedure is problematic for ODE and OCIO in the following areas:

- **Network planning:** The variety of equipment and applications in use at ODE, as well as the varying procedures governing their use, make network planning difficult. OCIO must attempt to maintain network configurations connecting many different types of equipment that operate a wide array of applications. This can adversely affect the operational efficiency of ODE's wide and local area networks. Additionally, OCIO cannot fully assess future technology use at ODE because it is unknown what types of hardware and software will be purchased by the offices.
- **Internal workflow:** The inability of ODE systems to operate in an effective integrated fashion has required the development of cumbersome, manual procedures for internal workflow. One example of this is the existence within ODE of innumerable forms for requisitioning and invoicing. A centralized purchasing system would establish a more efficient workflow by allowing procedures such as these to be automated, or at least standardized.
- **Enforcement of technology policies:** Because offices purchase their own technology items and track their own license and warranty information, it is difficult for OCIO to ensure that ODE's technology policies (see **F5.12**) are being properly followed. For example, OCIO cannot be sure if users are installing unapproved hardware and software on their systems if there is no central listing of licenses and warranties to use as a guide for assessment.
- **Disaster recovery procedures:** Effective disaster recovery planning requires the development of procedures for the recovery of all systems down to the user level. Having a wide range of unrelated systems makes such procedures unnecessarily complex and difficult to develop. The number of factors that must be controlled and the probability of unforeseen factors affecting system recovery are both increased with a decentralized system.
- **Support capabilities:** The many systems in use at ODE make providing user support services extremely difficult for OCIO. Support staff must be knowledgeable in many areas to be capable of supporting all systems, and the return on training in specific areas is minimized. Having a central list of all licenses and warranties would assist OCIO personnel in determining what outside support is available if necessary.

Additionally, failure to replace aging systems increases support and maintenance costs.

R5.18 ODE should consider centralizing all technology procurement procedures. The planning and management capabilities of OCIO would be greatly enhanced by having more control over the actual technology that is used at ODE. This would also assist OCIO in establishing a standard replacement schedule for technology items as discussed in **F5.18** and **R5.10**. The technology steering committee (see **R5.6**) could be responsible for deciding what technology is needed and evaluating proposals for the purchase of the technology. Additionally, centralized functions could be performed and tracked on ODE's Oracle system to enhance the efficiency and effectiveness of the process. Significant benefits could be realized in this area, including the following:

- More efficient and effective networking capabilities based on the ability of the technology steering committee to centrally plan all aspects of ODE's networks
- More efficient and user-friendly internal workflow due to the use of more consistent and compatible equipment and systems
- Enhanced enforcement of ODE technology policies because of the centralized control of internal technology
- More effective and reliable disaster recovery procedures due to increased knowledge of systems in use at ODE
- Enhanced support and maintenance capabilities based on the use of more consistent and newer systems

With centralized technology procurement procedures, OCIO should be able to enhance the quality and speed of the services it provides to ODE users. More effective delivery of services will give OCIO an increased standard of accountability within ODE while enhancing the overall efficiency and effectiveness of internal operations.

R5.19 ODE should also consider centralizing the tracking of all technology-related licenses and warranties. Although this would be difficult in the current decentralized technology procurement environment, centralizing these procedures as outlined in **R5.18** could greatly enhance the ability of OCIO to centrally track this information for ODE. OCIO could maintain physical copies of license and warranty agreements, but electronic copies could also be maintained on ODE's data warehouse. This could help to ensure that the information is adequately safeguarded, and these procedures could be incorporated into ODE's disaster recovery procedures.

Having a central listing of all technology-related licenses and warranties would increase the efficiency and effectiveness of OCIO services. The list could serve as an assessment guide for OCIO in performing physical audits of ODE computers and systems (see **R5.7**).

Additionally, in supporting ODE systems, OCIO could easily locate license or warranty information outlining any available support services from vendors or contractors, ensuring that ODE receives the full value of any software or hardware purchases.

Technical Training

F5.35 ODE does not have formal technology training procedures in place for the provision and tracking of training to ODE staff. Upon the installation of new applications at ODE, training is provided by private contractors, but attendance is not required. No records are kept as to who attends training, and there are no general requirements for ODE staff to attend training. A lack of formal training prevents ODE personnel from making efficient and effective use of internal technology. Additionally, efficient, technology-based procedures cannot be used at ODE due to the inability of staff to fully utilize these procedures.

R5.20 ODE and OCIO should develop formal technology training procedures for all personnel and consider requiring an established number of technical training hours on an annual basis. The provision of technical training could be tied into ODE's efforts to develop Individual Professional Development Plans (IPDP) for all employees. Because the Office of Professional Development already provides training services to ODE staff, the incorporation of basic training in various areas of office technology should carry little to no additional costs. ODE should assess the need for technical training and establish a training schedule accordingly. This could be done by distributing a survey to ODE users to determine specific technology needs. Upon providing training to ODE users, OCIO should develop a system of obtaining feedback to make future training sessions more effective. Better procedures for the provision of technical training to ODE staff could ensure more efficient and effective technology use. Inefficient manual procedures can be replaced by more efficient automated procedures. Additionally, more extensive technical training could lead to fewer technical problems and computer difficulties due to more technologically sophisticated users.

F5.36 OCIO employees are also not required to attend training or professional development activities. OCIO employees can create an IPDP to guide any professional development in which they choose to participate. However, these activities are not currently required or enforced. The CIO has established a training benchmark which recommends OCIO staff spend approximately 20 percent of their time seeking out and taking advantage of training or professional development opportunities.

In a field such as information management systems, it is necessary to remain knowledgeable of developing, innovative concepts and constantly refine skills to reflect the changing needs of the industry. By not having formal professional development guidelines or procedures, OCIO is hindering its own efforts to provide quality technical services to users within ODE. Additionally, staff members that do not update and refine their skills necessitate the

outsourcing of certain functions and projects that could possibly be performed in-house. As stated in **F5.5**, this is one of the reasons for the extensive contracting of services in OCIO.

R5.21 OCIO should develop formal professional development requirements for in-house technology staff. This could include requiring staff to develop IPDPs or establishing a mandatory training benchmark based on hours per year or some other methodology. In addition to, or as part of these methods, OCIO could also require staff to obtain certain certifications. Enhancing professional development and certification of staff will allow OCIO to operate more efficiently and effectively, while providing a higher level of service to ODE users. For example, training all OCIO staff to provide user support, as outlined in **R5.2**, could enhance the quality and speed of this service at ODE.

Financial Implication: Procedures for obtaining certifications such as A+, Microsoft Certified Systems Engineer, or Network Administrator can cost as little as \$50. Training programs available for individual employees cover a wide variety of topics and can range from \$250 to \$2000. If all OCIO employees were required to obtain one certification and attend one training session every year, the annual cost would be approximately \$45,000. This is based on the current FTE count of 39.

Financial Implications Summary

The following table represents a summary of implementation costs and annual costs savings. This table illustrates the savings that ODE could potentially realize. For the purposes of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Transportation

Recommendations	Implementation Costs	Cost Savings Annual
R5.2 Additional technical support staff	\$117,000	
R5.3 Change job descriptions to include additional functions		\$138,600
R5.12 Oracle training for ODE staff	\$130,000	
R5.21 Additional OCIO training and certification	\$45,000	
Total	\$292,000	\$138,600

Conclusion Statement

Technology implementation and management at ODE are the responsibility of OCIO. This includes both internal technology and oversight of educational technology organizations, such as the OECN and OSNC. In order to better perform these functions, OCIO has been changing to a project management organization structure, in which a project manager is responsible for all technology-related functions within a particular center of ODE. Accompanying this change was the development of a CIO position that answers directly to the Superintendent of Public Instruction. These changes seem to be increasing the level of service provided by OCIO, although inadequate staffing and training levels still inhibit the effectiveness of these services and require the extensive contracting of internal technology functions.

OCIO does not adequately plan or manage ODE technology functions. The lack of a fully-developed strategic technology plan impedes effective long-range technology planning at ODE. The development of a technology steering committee could enhance technology operations at ODE in several capacities, including developing, planning, and assessing major technology projects and initiatives. Additionally, developing formal disaster recovery procedures could help to prevent any significant disruption of technology operations in the case of a natural disaster or some other *force majeure*.

Upon the relocation of ODE's main office in October 2000, technology staff currently working at SOCC will be moved to ODE's new office. The SOCC office, which houses administrative hardware and systems, will function as a self-operating facility for the operation and recovery of ODE's administrative hardware and software. No full-time staff will be located at SOCC, as the equipment only requires periodic maintenance and updates which will take place approximately three or four times per week. Moving staff from SOCC to the new office will reduce the risk of intentional or unintentional damage to ODE's technology, as the administrative equipment currently housed at SOCC does not require extensive staff intervention to operate. Also concurrent with the move will be the development of an OC-3 ATM circuit to replace the current WAN. This change will simplify network operations and address the current existence of Internet connections behind the firewall. More extensive monitoring of ODE's WAN could help to prevent such situations in the future, as well as ensuring that the network is operating efficiently.

ODE has purchased an Oracle ERP system to streamline internal operations, although problems with Oracle's consulting team have led to a delay in the system's implementation. Although the system should be operational by January 2001, adequate planning has not been done for the integration of the system into ODE's current systems and procedures. Upon completion, the system will be used to perform some functions of the School Finance, Child Nutrition, and Vocational Educational payment and reporting systems. The Oracle system can receive data from the State's CAS and HRMS systems, although data cannot be entered into these systems from Oracle. Full use of the

system could greatly enhance ODE operations, both internal and external. However, additional planning and training will be necessary to realize these benefits.

ODE also intends to restructure EMIS to accommodate student level data, which can now be received via HB 282. Included in these efforts are the development of the statewide student identifier system, which prevents ODE from linking student data to any particular student, and more extensive use of the student management records system, a data-entry level EMIS application for school districts and A-sites. ODE and school districts will each have additional responsibilities when the redesigned EMIS system begins operation, and funding and staffing levels will be changed accordingly. The new system should be more user friendly and more responsive to the specific needs of school districts and other stakeholders. However, in redesigning the system, OCIO could potentially reduce its reliance upon the A-sites.

Technology operations at ODE are funded through an internal service fund that bills offices within ODE based on their technology usage. Problems with the system, which is currently based on CPU usage, have led to an interest within OCIO to design a new billing system. OCIO officials are currently in the process of developing a standard infrastructure package, which will include certain hardware items, software, network connectivity, and technical support services. Offices will be billed based on the number of users with the standard package, and goods or services that fall outside the scope of the package will be billed separately at established rates. The new system should provide more accurate billing to ODE offices as well as a measure of accountability for OCIO. However, the system should be assessed on a regular basis to ensure it is meeting its objectives in an efficient and effective manner.

As well as paying for technology services, ODE offices are responsible for purchasing their own hardware and software. While this allows offices to purchase equipment and applications that meet their particular needs, it makes it difficult for OCIO to effectively manage ODE's technology operations. Efficient network planning and enforcement of internal technology policies are hindered by ODE's decentralized purchasing process for technology items. Centralizing this function within ODE could enhance the abilities of OCIO to administer and support technology, while allowing for a more efficient workflow within ODE as a whole.

ODE does not require technical training for staff. This includes both technical skills training for general ODE users and career development training for OCIO employees. General users have the option of taking ODE-sponsored technical training sessions, but attendance is not mandatory. Likewise, OCIO employees can create Individual Professional Development Plans to guide their career growth, but participation is not required despite the fast-paced, growing nature of the technology field. Better technical training procedures and requirements for all ODE employees could enhance general operations at ODE, as well as improving the quality of services provided by OCIO.

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Financial Operations

Introduction

The Financial Operations section focuses on financial systems within the Ohio Department of Education (ODE) and is divided into six subsections: (A) Financial Systems Communications; (B) Budgeting and Management Reporting; (C) Grants Management; (D) Payroll Management; (E) Procurement; and (F) Internal Audit. The objective is to assess each functional area, including an evaluation of the internal controls, and to develop recommendations for improvements and efficiencies. Background information and findings are addressed in each subsection, as are related commendations of ODE's effective practices and recommendations for further consideration.

A. Financial Systems Communications

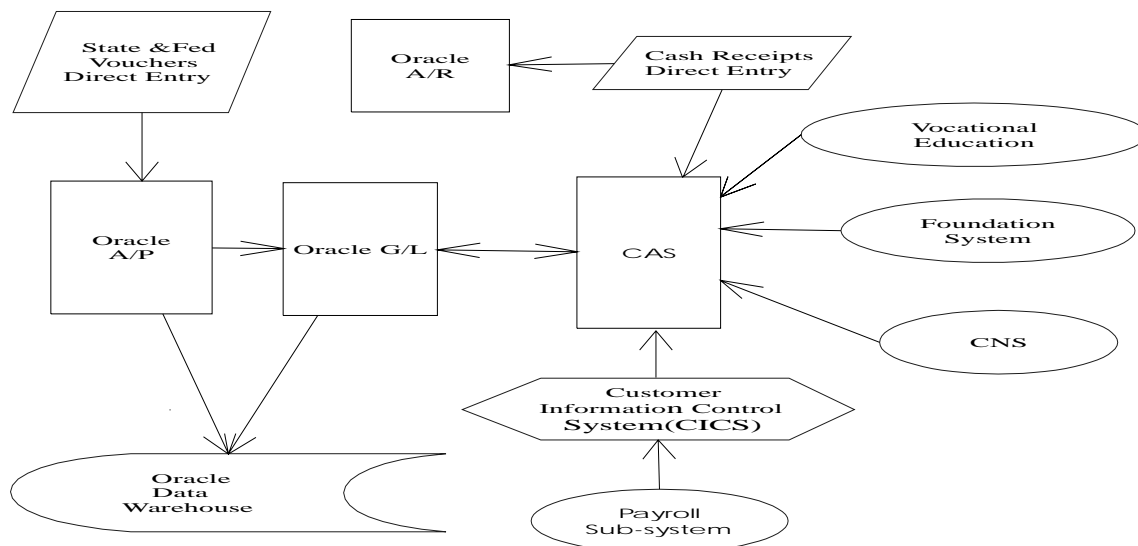
Background

The financial systems communications sub-section focuses on the systems used by ODE to process and communicate financial information among internal and external customers. This section is designed to illustrate the flow of financial information and related issues. See the **technology utilization** section for details on the computer systems of ODE.

Financial Management System Flowchart

Prior to the Oracle implementation, ODE's primary internal financial management system was the Financial Accounting System (FAS). FAS was turned off July 1, 2001, but the system will be maintained for historical purposes. **Chart 6-1** shows the Financial Management Systems as of July 1, 2001.

**Chart 6-1: Financial Management Systems
July 1, 2001**



Source: Solutions Consulting personnel

Note: EMIS is not shown on this chart, but it interacts with OECN, CNS, CAS and the Foundation System

Organization Function

CAS operates as the State of Ohio's accounting system and is maintained by the Office of Budget and Management (OBM). Fiscal transactions for all state agencies are recorded in CAS; therefore, all financial transaction information is ultimately interfaced or input directly into CAS. All ODE transactions in CAS are posted to Oracle nightly. The key features of CAS include transaction processing, integrated databases, automated spending controls, on-line processing, and correction and system security. CAS has the following capabilities:

- Defining appropriation/allocation line items;
- Processing purchases and encumbrances;
- Scheduling cash disbursements and vouchers;
- Processing revenue and accounts receivable;
- Maintaining vendor information;
- Maintaining grant description and financial information;
- Maintaining capital project information and financial data;
- Maintaining master tables and edit tables;
- Processing journal entry transaction;
- Processing closing transactions;
- Reporting and inquiring; and
- Producing standard reports.

The Vocational Education Payment System is an ODE sub-system used by the Office of Career, Technical and Adult Education (Voc Ed) to calculate the amount of funds to be disbursed to recipients on a quarterly basis. The Voc Ed grants are managed through this system and payment information is entered into Oracle. DA personnel are responsible for all of the financial accounting information in this system.

The Child Nutrition Services (CNS) system tracks child nutrition funds from the Federal Government to the school districts for the administration of school lunches and breakfasts. The primary user of the system is the Division of Child Nutrition Services. The CNS system is an ODE sub-system used to process the disbursement of funds as reimbursements for actual expenses submitted by recipients. The CNS system interfaces payment information directly into CAS. The Information Technology Office (ITO) of ODE is responsible for the system administration of CNS. Child Nutrition Services uses input from the Education Management Information System (EMIS) system when calculating disbursements in the CNS system.

EMIS was created by the state legislature in 1989 and captures information relating to public school district students, staff, services and costs. ITO is responsible for the management of EMIS while the Ohio Education Computer Network (OECN) serves as the central data aggregation medium for EMIS data. The relevant information is typically collected by the districts throughout the year and

forwarded to one of OECN's 23 data acquisition sites (A-sites). The A-sites aggregate the data and forward it to ODE for inclusion in the state EMIS database. See the **technology utilization** section for more information on the EMIS and the A-sites.

The Foundation System (FS) tracks school foundation subsidy payments to the school districts. The system is used by School Finance to manage funds which are disbursed to recipient school districts based upon state legislative formulas. The FS uses various EMIS data when calculating disbursements. A payment file is sent to the Auditor of State (AOS) via the Office of Budget and Management (OBM) so warrants can be issued. School Finance staff prepare a spreadsheet from which DA staff enter a summary voucher into CAS. This voucher gives the total amount charged to various account combinations but does not indicate who received the money. OBM manually verifies that the dollar amounts in the payment file agree to the amounts in the CAS summary voucher.

ODE staff within each of the centers input time and attendance information into the payroll sub-system. ITO formats the data into an electronic tape and sends the information to the Department of Administrative Services (DAS) which processes the payroll data submitted by ODE. ODE's Office of Human Resources (HR) inputs deduction code information directly into the Customer Information Control System (CICS) which is the same system used by DAS to process the payroll. See the **payroll management** sub-section for more detail. DAS is responsible for submitting an electronic file from CICS to OBM which loads the file to CAS.

Summary of Operations

ODE implemented a new financial management system that replaced FAS and is being used to send all payment information to CAS. Oracle software has been installed to provide a more automated, efficient, user-friendly method of processing and accessing financial data. The following Oracle modules have been installed and implemented:

- General Ledger - where all of the ODE accounting transactions are recorded;
- Accounts Payable - used for processing invoices;
- Grants Management-where each grant can be tracked; and
- Public Sector Budgeting -this is not actually a module as it is located within the general ledger module and is used to set spending levels and other controls.

FAS was turned off July 1, 2001 but the system will be maintained for historical reporting purposes.

To facilitate the gradual transition to the new system, implementation was divided into three phases. The phases were determined by the goals of ODE's comptroller and superintendent in collaboration with the associate superintendents of ODE's five organizational centers.

Phase one included general ledger, chart of accounts, accounts payable, accounts receivable, and public sector budgeting. It was installed in July 2000. As part of this phase, interfaces were designed between Oracle and CAS. All payment information now flows between CAS and Oracle for validation against the general ledger master table.

Phase two included the grants management module that was installed in November 2000. The module operated parallel with FAS until July 1, 2001. The public sector budgeting module works in conjunction with the grants management module to allow program based budgeting, monitoring and reporting. Upon full implementation, DA will process state, federal and Voc Ed grant vouchers directly into Oracle through the grants management and accounts payable modules. CNS will interface its payment information to Oracle accounts payable. The payment information will be checked for integrity through the general ledger module, sent to CAS, then to the data warehouse.

Phase three will incorporate the interface of the FS to Oracle, CNS and future Comprehensive Continuous Improvement Plan (CCIP) and other grant front-end applications. This FS phase has not been scheduled for implementation due to the pending legislative response to the Ohio Supreme Court ruling on school funding. This ruling and the subsequent response will determine the specifications and the required capabilities of the new system. When the system is redesigned to incorporate the new computation formula, the interface to Oracle will be developed. CNS has been delayed as vendor data is being verified. Future CCIP and grants applications will be developed, installed and implemented as required.

The new system is designed so all information will flow through Oracle for integrity checks and then to CAS. Purchase order payments will continue to be processed directly into CAS and payment information will go to Oracle for integrity checks.

Parallel with the Oracle Financial System implementation, ODE has implemented a data warehouse. The Oracle Financial System and the Oracle data warehouse are part of ODE's overall vision to link systems and data. All transaction detail will flow from CAS into the data warehouse for storage. Payment calculation information will also flow from CNS and the Foundation System to the data warehouse. The information stored in the data warehouse can then be retrieved for reporting purposes. According to ODE personnel, the data warehouse provides an effective reporting tool with easy access to information.

Other capabilities of Oracle include the following:

- Desktop integration;
- Self-service transaction processing; and
- Financial analysis and forecasting.

While Oracle provides an ERP solution, ODE opted to purchase separate modules. Additional modules are available if ODE decides to expand or enhance the system. Desktop integration should allow employees to download various types of data into a spreadsheet format, which will make it easier to create consolidated summary reports using data from different sources. Self service transaction processing, which ODE hopes to use in the future, should allow a school district to send its district information electronically to an ODE office for review and processing.

Performance Measures

The following is a list of performance measures that were used to conduct the review of the financial systems communications at ODE:

- Assessment of the capabilities of the current financial systems;
- Assessment of the internal controls in the current financial systems; and
- Assessment of the financial system interfaces.

Findings/Commendations/Recommendations

Oracle Financial System and Interfaces

F6.1 Accounting within Oracle and CAS is done on a cash basis. OBM has the responsibility for converting the cash basis information to GAAP basis via journal entries. OBM prepares agency specific GAAP reporting packages and submits them to the designated state agencies. ODE uses information from user- maintained spreadsheets and other documents to complete this package. When the information is returned, it is reviewed and OBM makes the necessary journal entries in the system. At the completion of this process, the financial data for the State's Comprehensive Annual Financial Report is generated.

F6.2 When the Oracle financial system is completely implemented, ODE will have the same number of systems to maintain as before Oracle. However, ODE will have only one payment system with the remaining systems directly interfacing payment information into it. Segregation of calculation systems is necessary due to the uniqueness of each program's processes for calculating payments. Each system uses different variables and sources from which to collect data to calculate payments. The Vocational Education Payment System will continue to calculate the Adult and Career Technical and Adult Education payments, CNS will continue to calculate the CNS payments and school foundation will continue to calculate the foundation payments. As a result, ODE must ensure that each system is functioning properly and monitor multiple interfaces to ensure proper transfer of data.

R6.1 ODE should continue to assess potential system consolidations. However, where it is not reasonable to eliminate a system, ODE should ensure that interfaces to the financial system are appropriately monitored to ensure confidence in the data integrity. Interface edit reports should be used to detect errors during the process. ODE should ensure that only authorized changes are made and that when changes to existing data are made in the original system, the changes are properly interfaced into the financial system.

In addition, ODE should also develop a utilization plan to address future uses of the Oracle system. The plan should address user needs and should assess the functionality of additional modules for potential use to further enhance ODE's technical operations.

F6.3 At the time of this audit, ITO did not know which basic reports would be available within the data warehouse. The data warehouse is a repository of information stored in a database format. Ultimately, all subsidy payment vouchers will be processed through Oracle, transferred to CAS and then be deposited to the data warehouse. Detailed statistical information will also be sent to the data warehouse from other payment systems, such as CNS and School Foundation. ITO personnel began populating the data warehouse with financial data in July 2000 as part of the local report card. The warehouse process has

expanded with the implementation of the Oracle financial system. However, the complete implementation date has not been determined because ODE anticipates that the warehouse will continue to be expanded as new systems and revised business practices dictate.

The data warehouse is an interactive web- based interface that will allow ODE employees and school district personnel to access it through the internet. According to ITO, the database structure provides a better reporting tool because it allows for more customization than the reporting capabilities within the Oracle financial package. It is designed to be more user-friendly so that any user may access information and generate reports with ease. The user will be able to select from a list of basic reports or have the ability to create custom reports. The data warehouse will serve as the primary tool used to generate external reports for stakeholders.

R6.2 ODE should develop and communicate a plan which outlines the timetable for implementing the data warehouse. Priority should be given the data warehouse implementation because it provides ODE with an opportunity to enhance its customer service by making management information readily available to school districts for decision making. As part of the development of the data warehouse, ODE administration should survey users throughout ODE and the school districts to determine what basic reports should be developed. The basic reports to be made available from the data warehouse should have been determined during the planning phase for data warehouse development. However, assessment can still be performed by conducting a survey of internal and external users, reviewing the responses and compiling them into a list of desired reports to be formatted by ITO.

Currently, the data warehouse has been mapped and populated. Contractors are conducting staff interviews to complete the design for reporting components of the warehouse.

Internal Controls

F6.4 Oracle has more sophisticated data integrity validations than CAS. Integrity checks are based on a series of master tables designed to ensure that the account coding contains not only allowable data elements, but that the data element combinations are valid. For example, CAS checks reporting categories only to verify that they exist and are active, but does not check the relationships between the reporting category and the other elements. In Oracle, the system checks to see if the reporting category aligns with the spending authority code. The integrity validations in Oracle are set up to mirror the validations that existed in the FAS system.

F6.5 The following system controls are incorporated into Oracle:

- Flags for overspending of grant disbursements. Controls for overspending are set in Oracle at the school district level. Funds cannot be disbursed to a school district that has not been appropriated funds. Additionally, Oracle does not process a disbursement to a school district which exceeds the total amount appropriated.
- Integrity checks to verify proper account coding combinations. The Oracle integrity checks help to ensure that disbursements are properly charged to accounts in the general ledger.
- Access to the system. A user profile is established that only allows access to functions the user needs to perform job-related duties. For example, only DA staff have access that allows a user to enter and process payments.

F6.6 The Oracle financial system has controls that can be utilized to varying degrees based upon the needs of ODE. The controls can be set to:

- Limit access to data and functions;
- Change access levels and passwords;
- Define approvals and limits for functions;
- Control printing, editing, viewing;
- Control batches of transactions; and
- Utilize site and user profiles that control how the system functions.

The capabilities are determined by the role that an individual is assigned within Oracle and are controlled by the tables of responsibilities set up in the system. The tables are maintained by a database administrator within ITO. DA is also responsible for granting users access and assigning access to the appropriate roles as determined by area managers. For example, the comptroller could request that a new account clerk be given the role of accounts payable clerk within Oracle. The tables of responsibilities for the accounts payable clerk within Oracle are set to give that individual access to process payments.

R6.3 ODE should continue to ensure that all users are assigned the proper roles within Oracle based upon job titles and functions. Properly assigned user profiles will help to ensure that all transactions are processed by individuals trained and authorized to process those transactions. This should reduce possible errors and necessary corrections and ensure the integrity of financial data.

R6.4 ODE's Office of Internal Audit (OIA) should become familiar with the system features. A system audit should be scheduled as part of the FY 2002 internal audit schedule. This will ensure that internal controls are reviewed and any previous issues identified are addressed.

F6.7 At the start of phase one implementation, ODE did not provide for any detailed Oracle training or plan to develop a formal training program. The plan starting out was for supervisors to receive training from Solutions Consulting personnel and then the supervisors were to train the remaining staff. This did not prove to be effective because the training was limited and supervisors were not able to devote adequate time to training others. Solutions Consulting did continue to provide training for ODE supervisors.

Formal training classes for staff started at the end of April 2001. The training is divided into three phases: basic training, initial training for voucher and grants entry, and inquiry training. Basic training is for senior ODE financial staff. Initial training involves DA staff for vouchers and grants. Inquiry training involves ODE users in the centers/offices that need access to data. These users are not yet fully identified. A general training manual has been developed, but there is no formal or comprehensive plan in place for training on systems features such as the data warehouse or the Oracle report writer capabilities. During the course of the audit, ODE developed training manuals and has made training mandatory prior to an individual receiving access to the system. The following list identifies and describes each of the training manuals:

- The "How to Voucher in Oracle Financials" manual explains how to voucher in Oracle Payables, as well as how to correct voucher errors.
- The "Oracle Grants Management Entry and Maintenance" manual explains how to set up and maintain Awards, Projects, Tasks, and Budgets in Oracle Grants Management.
- The "Oracle Grants Management Inquiry" manual explains how to conduct inquiries on data stored in Oracle Financials.
- The "Oracle Fiscal Officer Daily Activity" manual explains how to create journals, correct journals, enter and maintain suppliers, as well as the additional tasks necessary to maintain the Oracle system on a daily and monthly basis.

R6.5 ODE should develop a comprehensive training plan for Oracle implementation so that all personnel who will interface with the system are familiar with its use. As the Oracle system is phased in, Solutions Consulting should increase the amount of hands-on training provided to ODE personnel. To avoid training individuals too far in advance of their use of the Oracle system, the training should be phased in for users. The training program should include ODE-specific training manuals for each Oracle role that can serve as a reference tool

for users. Training should be mandatory before an individual is granted access to the system. A method of recording and tracking who has been trained and in which role or responsibility should also be developed. Proper training should ensure that financial information is processed accurately and should decrease the need for help desk support.

F6.8 ODE's financial procedures manual does not indicate how to process transactions through the accounting system. Additionally, the manual lacks items such as sample documents and an explanation of statutory requirements versus ODE policies. DA personnel developed the manual and have made it available to all ODE personnel through the Intranet. The manual serves as a guide for purchasing, accounts payable and accounts receivable procedures. The procedures focus on the "non-automated" steps involved in the following processes:

- Receiving and processing various types of revenue;
- Purchasing;
- Preparing purchasing documents;
- Receiving goods and services; and
- Processing invoices.

R6.6 The Oracle training manual should become the basis for an updated financial procedures manual. The contents of the current financial procedures manual should be reviewed for applicability and included in the Oracle manual as appropriate. For each type of transaction, sample screen printouts should be included as well as what information should be entered. Sample documents should also be included as required. An updated manual will help ensure that employees are complying with financial operating procedures and assist in the effective training of new employees.

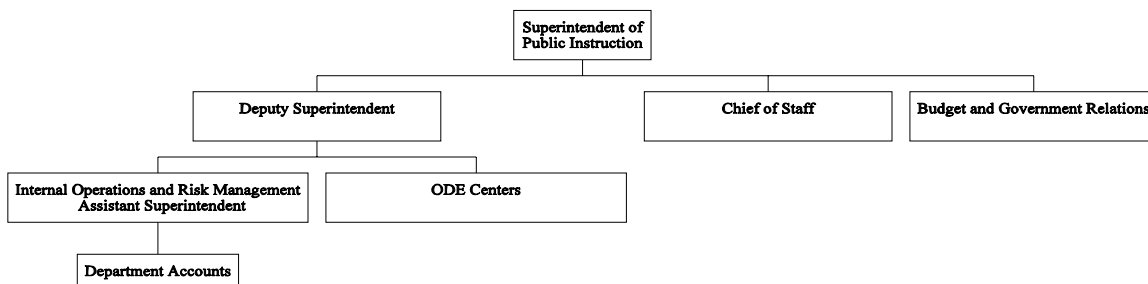
B. Budgeting and Management Reporting

Background

The majority of the Ohio Department of Education (ODE) budget is determined every two years based on the biennial funding process for state agencies. The education component for the biennial budget is developed with input from legislators, the Governor, the Office of Budget and Management (OBM), the State Board of Education (SBE), ODE, school districts and other stakeholders. House Bill 282, the Education Budget Bill for FY2000-01, is the biennial budget for ODE that allocates approximately \$5.8 billion for FY 2000 and nearly \$6.2 billion for FY 2001 to 612 school districts and other entities (e.g., Headstart programs). House Bill 94 contains education budget appropriations for FY2002-03, which are approximately \$6.8 billion for FY 2002 and \$7.2 billion for FY 2003. The remainder of the budget for ODE is comprised mainly of federal revenue and lottery profits that are passed directly to school districts as subsidy payments.

Chart 6-2 describes the organizational structure for ODE budgeting.

Chart 6-2: Offices involved in ODE Budgeting



Source: ODE organizational chart

Chart 6-2 presents the major ODE offices involved in budgeting functions for ODE. The Superintendent of Public Instruction and the Deputy Superintendent provide ODE with overall direction for strategic planning to help establish priorities for the ODE budget. Budget and Government Relations (BGR) is the primary office involved in overseeing ODE budgeting. Department Accounts (DA) assists BGR with budgeting by providing financial information. The

DA staff report to the Assistant Superintendent for Internal Operations and Risk Management. Budgeting and financial functions of DA, BGR, and programs are described below.

Organizational Function

For FY 2001, DA staff used the Financial Accounting System (FAS) and the state's Central Accounting System (CAS) to monitor budgets, track financial information, and develop financial reports for ODE. ODE replaced FAS on July 1, 2001 with an Oracle software system. See the **financial systems communications** subsection for more information on FAS, CAS and Oracle. The DA staff is responsible for the following budgetary functions:

- Monitor and maintain control over the general revenue fund (GRF);
- Budget indirect costs for ODE;
- Enter all payment information into CAS and Oracle;
- Provide BGR with financial information;
- Communicate available funds to programs;
- Develop and distribute standard financial reports; and
- Develop and distribute customized financial reports.

BGR was created by the Superintendent of Public Instruction in December 1999 to improve the budget process and to meet the needs of programmatic offices. BGR is responsible for the following budgetary functions:

- Review program budget requests to develop the ODE budget;
- Function as a liaison between ODE, the Legislature, Governor and stakeholders;
- Work with the SBE on program review and development;
- Monitor and track budget appropriations;
- Review performance measures for programs;
- Develop Budget Preparation and Performance Accountability (BPPA) reports; and
- Work with DA on budgeting issues.

BGR completed budget requests for FY2002-03 general fund line-items. As a liaison with stakeholders, BGR held several meetings prior to the House Bill 94 being passed. BGR is currently working on aligning the ODE strategic plan with federal line-items and developing management reports which it has begun providing to SBE and programmatic offices.

Prior to the creation of the BGR office, ODE programmatic offices submitted budget requests with narratives built around line items in the biennial budget and did not include performance measures. Starting in December 1999, programs were required to fill out Budget Preparation and Performance Accountability reports through the ODE Intranet. These reports contain information that is intended to support ODE's strategic plan (see **strategic planning** and **program assessment**).

Summary of Operations

ODE, the Governor, OBM, SBE, the State Legislature, school districts and other stakeholders collaborate to develop the biennial budget for education. ODE receives feedback from stakeholders periodically throughout the budget process. For the FY 2001-02 budget process, ODE programmatic offices began to develop budget requests for core budgets and expansion budgets in December 1999. ODE's core budget reflects the program's budget if only core activities are funded. The expansion budgets reflect additional funds requested by a program beyond the core budget.

From February 2000 through April 2000, the BGR office reviewed budget requests. The BGR office gave an overview of budget priorities to SBE in May. Monthly presentations were made by the BGR office to SBE from June 2000 through October 2000 to revise the ODE biennial budget requests. SBE voted on the ODE biennial budget requests in early November 2000.

The biennial budget process also involves input from OBM. In July of each year, OBM disseminates budgetary guidance for state agencies. OBM requires that an agency's budget request consist of the following:

- A summary of the agency's request;
- Core budget narratives and tables for programs;
- Supplemental budget narratives and tables for programs justifying the expansion budget request; and
- Descriptions of statutory language sought by agencies in the budget bill.

The core budget level is calculated by OBM, by line-item, in the biennial budget. In November, budget recommendations were sent to OBM and the Governor. OBM, acting on behalf of the Governor, developed budget recommendations to include in the Governor's executive budget or "Blue Book." The executive budgets for FY 2002 and FY 2003 were submitted to the General Assembly and made available to the public in January 2001.

The executive budget containing ODE budget recommendations is then reviewed by the General Assembly. The General Assembly schedules hearings from February through May with discussions on the biennial budget. State House and Senate committees vote on the budget between February and June. BGR staff act as liaisons between ODE and state legislators on issues pertaining to the budget. In late June, OBM and ODE reviewed the proposed budget in preparation for the governor's signature. The budget has been signed and it became effective on July 1, 2001.

ODE proposed approximately \$6.2 billion for the FY 2002 budget and \$6.8 billion for FY 2003. After revision by OBM and State House and Senate committees, the approved budget for House Bill 94 was \$6.8 billion for FY 2002 and \$7.2 billion for FY 2003. The difference between the requested and approved budget is due primarily to GRF 525 (Parity Aid), which accounts for approximately

\$100 million added to House Bill 94. ODE requested significant FY 2002 budget increases for Professional Development (+75%), Family and Children First (+161%), Improved Student Literacy (+517%) and Vocational Education Enhancements (+91%), but House Bill 94 funds these line-items at much lower levels than were requested. The largest line-item dollar amount increase from FY 2001 to FY 2002 was School Foundation-Basic Allowance, which increased by \$480 million. Line-items not funded in FY 2002 that were funded in FY2001 include Education Excellency and Competency, School Age Child Care and Character Education. Parity Aid and Bethel School Clean-up were line-items added to the FY 2002 budget that did not exist in FY 2001.

ODE tracks expenditures against appropriations for the biennial budget and other funds throughout the year and works closely with OBM to monitor expenditures. In April, before the beginning of the fiscal year, ODE allots appropriated funds by category. An annual disbursement estimate is provided to OBM in July of each fiscal year, providing a projection of monthly GRF disbursements by line item. OBM distributes weekly, monthly and quarterly reports which detail expenditures for ODE against appropriations. DA distributes additional financial reports on a monthly and quarterly basis to ODE offices and programs.

Financial Data

Table 6-1 depicts operating revenue and expenditures for ODE.

Table 6-1 A: Revenue Summary of ODE Budget (000's)

Budget Fund Group	Actual FY 1998	Actual FY 1999	Actual FY 2000	Budgeted FY 2001
General Revenue Fund	\$4,861,748	\$5,280,817	\$5,657,123	\$6,200,864
General Services Fund	\$33,056	\$45,333	\$17,398	\$44,970
Federal Special Revenue Fund	\$795,622	\$833,880	\$881,955	\$1,136,684
State Special Revenue Fund	\$10,138	\$10,103	\$14,125	\$21,537
Lottery Profits/Education Fund Group	\$685,712	\$709,511	\$657,906	\$690,200
Educational Improvement Fund	\$1,500	\$1,443	¹	¹
Total Revenue	\$6,387,776	\$6,881,087	\$7,228,507	\$8,094,255

Source: BGR budgeting summary report

¹ Funding ended at end of FY 1999

Table 6-1 B: Expenditure Summary of ODE Budget (000's)

Budget Fund Group	Actual FY 1998	Actual FY 1999	Actual FY 2000	Budgeted FY 2001
Payroll and Benefits	\$30,996	\$32,794	\$37,083	\$49,361
Personal Services ¹	\$14,786	\$16,249	\$19,890	\$40,831
Maintenance and Supplies	\$21,725	\$23,295	\$24,954	\$31,169
Equipment	\$3,765	\$3,482	\$5,428	\$11,217
Subsidy	\$6,266,222	\$6,737,981	\$7,110,931	\$7,873,171
Transfer and Other ²	\$50,282	\$67,286	\$30,221	\$88,506
Total Expenditures	\$6,387,776	\$6,881,087	\$7,228,507	\$8,094,255

Source: BGR budgeting summary report

¹ The Personal Services line-item represents expenditures for personal service contracts.

² Interagency transfers

A general description of some of the items in **Table 6-1** is as follows:

- General revenue fund - appropriations for School Foundation, Personal Services, Maintenance and Equipment, Bus Purchase Allowance, Education Management Information System (EMIS), and other state programs;
- General services fund / State special revenue - miscellaneous revenue sources such as fees and gifts, computer services, teacher certification, and private foundation money; and
- Education improvement fund - used for educational research and development.

Performance Measures

The following is a list of performance measures that were used to conduct the review of budget and management reporting at ODE:

- Determination of the accountability of managers for the financial information provided;
- Assessment of the quality, timeliness, and usefulness of financial reports;
- Evaluation of the extent, adequacy, and accuracy of automated controls to flag variances;
- Assessment of the ability of financial system to monitor resources; and
- Assessment of the financial reporting capabilities of Oracle.

Findings/Commendations/Recommendations

Resource Monitoring for Financial and Budgeting Information

F6.9 The functionality of FAS did not allow for effective monitoring of financial resources because programs could not be budgeted across appropriation line items. For example, reading improvement is a state line item specifically dedicated to fund the reading improvement program. However, other line items may also have had funds designated for reading improvement. The previous system only allowed the budget for the reading improvement program to include the funds from the reading improvement line item. Therefore, at the end of the year, there was no correlation between the actual program expenditures and the program budget. Oracle improves this process by allowing the budget to be prepared at the program level more effectively.

R6.7 ODE should use the Oracle public sector budgeting capabilities of the general ledger module to achieve program-based budgeting. In Oracle, programs will be tracked by the spending authority code (SAC) to allow for budgetary controls and prevent overspending. The Oracle capabilities will also allow ODE to budget each specific state and federal grant. Oracle also has the flexibility of providing detailed budgeting reports by program. ODE staff will also be able to create reports with budgeting data combinations that are meaningful to each program (see **F6.12**). Using the public sector budgeting capabilities will enable ODE to effectively monitor financial resources for each program. The capabilities are now being utilized with the grants management module.

F6.10 ODE managers indicated that the financial information provided to them is not adequate to properly analyze and manage projects. In a survey conducted by Auditor of State staff (see **appendix 4-4**), managers indicated that the following data is necessary for effective management of financial resources:

- School district data summarized;
- Office budget clearly defined;
- Monthly reports by SAC that relate to cost center/project;
- Monthly reports on federal programs;
- Clear and concise reports;
- Line by line detail of expenditures;
- Identification of federal and state fiscal years;
- Financial information balanced on a monthly basis;
- Budget performance data;
- On-line access to and ability to query project financial data;

- Assistance with meeting federal requirements; and
- Databases containing fund sources, purpose, program control, fiscal control, historical spending, current allocated/unallocated, expenditures to date and other historical data.

R6.8 ODE should review and prioritize the list in **F6.10** and determine how to address the concerns of ODE managers. Input from management and other users of Oracle should be considered when items are addressed. Oracle financials and the Data Warehouse should have the capability to handle the concerns proposed by ODE managers, but a program should be established with steps for addressing each concern. Addressing the concerns raised by managers should facilitate internal communication within ODE, and provide improved report writing (see **F6.12**), budgeting and data management.

Financial and Budget Reporting Capabilities

F6.11 Financial information cannot be distributed in a timely manner because only one office can produce customized reports that pull data from a variety of sources. DA has the responsibility for developing and distributing customized financial reports. Prior to Oracle, DA produced customized financial reports from FAS and Information Technology Office (ITO) downloaded data into spreadsheets. The length of time it took for a report to be printed depended on the level of detail requested; however, most reports could be printed in a day or less. Historical data for reports were available in FAS back to five years and ITO has ten-year records. Downloading data from different sources to produce customized reports also takes additional time. If ITO is overloaded with requests for customized financial reports from customers and office staff, turn-around time may be slow. The Oracle Data Warehouse should improve the ability of ODE to produce customized financial reports (see **financial systems communications** subsection).

F6.12 ODE and Solutions Consulting are in the process of determining which Oracle financial reports to develop. ODE and Solutions Consulting have created a report with year-to-date expenditure and budgeting data for offices. Solutions Consulting is using “gap analysis” to determine what current FAS financial reports need to be created in Oracle. Gap analysis involves assessing user financial reporting needs in FAS and determining how to meet those needs in Oracle. After the gap analysis is performed, ODE will know what standard and customized reports Oracle should be able to produce, how the reports will be used, and who will use the reports.

A report team is currently in place at ODE to develop reports needed from the Oracle system. The team first met in December and has conducted several meetings. Reports discussed in the meetings include payroll, federal subsidy summary, administrative office budgets, period to date expenditures, grant reports, program status reports and other miscellaneous financial

reports. The comptroller indicated that reports were finalized before FAS was completely turned off in July, 2001. Twenty-two FAS reports were replaced and were available July 1, 2001.

R6.9 ODE should continue to focus on determining what customized reports ODE staff need from Oracle. The ability to create reports using data from the data warehouse and the Oracle report generator software will allow ODE staff to customize the reports needed for monitoring and decision-making.

F6.13 ODE does not have quarterly performance reports linking performance measures with resource allocation. However, ODE plans to develop these reports. Program profile reports have also been developed by BGR to aggregate performance data for programs, but this performance data is used for the biennial budget, not for quarterly performance reports. BGR plans to work with the Office of Policy Research and Analysis to determine the best methods for collecting performance data and will identify duplicate indicators for programs.

Without quarterly performance reports linking performance measures to resource allocation, it is difficult for ODE to compare performance information and allocated resources to programs at a given point in time. The lack of these reports limits the decision-making ability of ODE staff because unit managers are not able to view current performance data in a timely fashion.

R6.10 ODE should develop quarterly performance reports linking performance measures to resource allocation. The performance reports should contain a narrative explanation, summary statement of performance measures, annual revenue received by the program and should identify troublesome trends. In addition, the performance reports should be informally graded by BGR to determine if program targets are being met. Program profile reports could be used as a model for program performance measures that would be tracked on the quarterly reports. Performance reports should improve the decision making ability of ODE staff by providing operational units with the most current performance data available.

Accountability for Budget and Financial Information

F6.14 In December 1999, BGR began requiring program personnel to complete Budget Preparation and Performance Accountability reports to improve the accountability of program managers for financial information provided. Budget Preparation and Performance Accountability reports comprise three components: general information, performance accountability, and budget narratives. The general information category gives descriptive information for a program and requires the following:

- Major goals and objectives of the program;

- Principle customers for programs; and
- Services and activities of programs.

Performance accountability uses performance indicators to measure the effectiveness of program service delivery and requires the following:

- Performance indicators;
- Performance data for six years; and
- Performance measures.

The budget narratives require the following:

- Alignment of program with strategic initiatives;
- Progress toward meeting the mission, goals, and objectives in the current biennium;
- Difference in the level of services and activities provided in this budget request compared to the last biennium;
- Programs and activities being emphasized;
- Programmatic and fiscal challenges;
- Innovative or alternative service delivery methods; and
- Performance improvement goals for the performance indicators.

Information contained in the Budget Preparation and Performance Accountability reports was used on a limited basis to evaluate programs for the FY 2002-03 biennial budget.

F6.15 ODE does not have an implementation plan which defines how performance measures will be used to increase financial accountability. According to ODE's December 1999 report to the State Board of Education, performance measures will be used to evaluate programs and budget requests. However, a documented plan stating how ODE will achieve this goal has not been developed. According to BGR staff, a plan has not been developed because the Budget Preparation and Performance Accountability reports and the concept of performance based budgeting was recently developed and ODE is unsure of the outcome of the process. Without a plan that outlines the goals, objectives and time lines for the development of the performance based budgeting process, increased accountability may not be effectively achieved. Additionally, performance measures may be unrealistic and allow programs to perform below standards while continuing to receive funding.

R6.11 ODE should develop a written plan defining how performance measures will be used and distribute it to all program offices. The written plan should include the following:

- Detailed activity schedule with time lines;
- Short- and long-term goals;

- Process for reviewing and evaluating the performance measures developed by the program staff; and
- Process for relating the performance measures to the budget appropriation.

Performance measures should align with ODE's strategic plan and be consistent with the Baldrige criteria (see the **strategic planning** section). In addition to aligning with ODE's strategic plan and the Baldrige criteria, the plan should also include a guideline for the programs to use when developing performance measures and state the criteria to be used by BGR to evaluate performance measures when determining the budget appropriations. Short- and long-term goals and a time line can be used to assess the progress of BGR and program staff in achieving ODE's goals. A written plan can serve as a blueprint to help ensure that all staff have an understanding of the performance based budgeting process and each staff member's role in financial accountability.

In addition, ODE should utilize criteria outlined by Government Finance Officers Association (GFOA) in its awards budget program. GFOA identifies the following criteria:

- There should be a budget message that articulates priorities for the new year;
- There should be a policy discussion for the organization as a whole that includes the organization's 1) goals and the linkage of each agency's or program's goals to the overall organization goals, 2) programmatic policies that spell out how the organization will deliver the services, 3) financial policies that outline the financial parameters under which managers will operate, and 4) definition of the multi-year time frame for the policies;
- The budget document should contain a description of the organization's short-term financial and operational policies and indicate whether the policies guide the development of the budget for the upcoming fiscal period; and
- The budget should include goals and objectives for operational units.

The Texas Education Agency's Annual Administrative and Program Strategic Budget is another useful resource that could assist ODE in preparing a written plan for how performance measures should be used. It covers the following areas:

- Staff budgets for programs;
- FTE listed for each program;
- Link to agency goals and strategies;
- Purpose and responsibilities for each program; and
- Legislative authority for each program.

State Board of Education Management Reports

- F6.16 The board relations staff within the Superintendent's office offers technical assistance in the form of communication and administrative aid to the State Board of Education by providing reports and other information to SBE on a regular basis. Board members are provided with a notebook containing a monthly report with recommendations, an agenda, and related materials one week before the Board meetings. The SBE usually meets on the second Monday and Tuesday of each month. Board members typically discuss issues on Monday. On Tuesday, public comment is received on issues and voting normally takes place during this session. Examples of items that the SBE may vote on include: revocation and suspension of teaching certificates, transfer of territory for school districts, transportation issues, graduation test requirements, and budget and policy recommendations.
- F6.17 Various reports are provided to the SBE by ODE. Time frames for distributing the reports to the SBE vary for each report, but most reports are provided monthly before the Board meetings. Reports include the Superintendent of Public Instruction report, travel and payroll reports, SBE minutes, drafts of ODE initiatives and current documents, a quarterly report, and other requested items. Board members receive the various reports along with monthly book containing items to vote on before the Board meetings. The Superintendent of Public Instruction's report is given to Board members the day of the Board meeting. It contains progress on areas of the Superintendent's goals and objectives. The quarterly report documents ODE activities related to items that the Board delegated to the Superintendent of Public Instruction. Items contained in the April 2000 quarterly report were new and modified school charters, Joint Vocational School District name change and community school contracts. Other requested items can include brochures, newsletters and bulletins that cover education issues.
- F6.18 Although Board members believe the information they receive is generally sufficient, concerns were raised about the lack of financial information provided and the large amount of paperwork they receive. Interviews with Board members revealed that the lack of budget-to-actual data was a concern. For the November Board meeting, members did receive estimated appropriation data for the FY 2002-03 biennial budget. However, budget-to-actual data for grants should be tracked between budget periods. If financial information is not given to Board members throughout the year, it is difficult for them to determine how a grant program is spending appropriations. ODE began providing budget-to-actual data to SBE in July 2001.

Board members indicated they receive too much information from ODE. An executive summary highlighting important information was proposed as an idea to streamline excess information given to the Board.

R6.12 The Office of Board Relations should evaluate information it sends to the Board. A survey to Board members would help clarify what information is necessary. Only information that applies to all members should be given to each member, and other special reports should be available upon request. In addition, budget-to-actual reports on grant programs would give Board members the opportunity to review financial information for grant programs. An executive summary outlining important areas of interest to the Board would be a first step to help streamline the information flow.

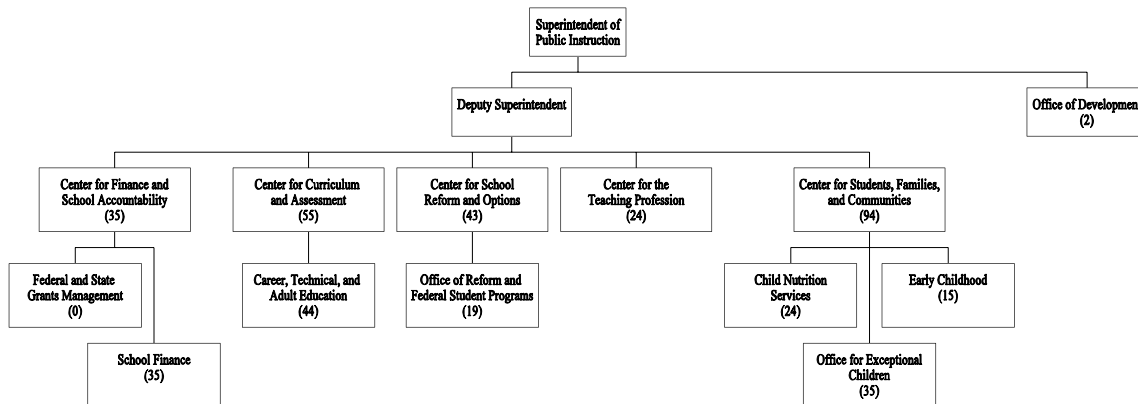
C. Grants Management

Background

This section focuses on grants management functions in the Ohio Department of Education (ODE). Grants management is the responsibility of several offices within ODE.

Chart 6-3 illustrates the ODE organizational structure as it relates to grants management.

Chart 6-3: Ohio Department of Education Grants Management Structure



Source: ODE table of organization

Note 1: Number reflects the number of program consultants (FTE's) in each center and office. The offices listed comprise 78 percent of all program consultants employed. All of these offices have a role in grants management. There are some offices not shown under specific centers because they contain a small number of program consultants.

Note 2: The Office of Development staff consists of an administrator and administrative assistant.

Note 3: Department Accounts is not shown on the chart, but has a role in disbursing grant payments (F6.3).

Note 4: Federal and State Grants Management (FSGM) has 8 fiscal consultants, but no program consultants.

The Superintendent of Public Instruction (Superintendent) and the Deputy Superintendent provide overall direction for the grants management process at ODE. The Office of Development (OD), under the Superintendent, pursues additional funds and fosters relationships with external funding sources. Federal and state grants to sub-recipients (school districts, non-profit agencies, government agencies, etc.) are administered through the five centers at ODE. Associate Superintendents heading each center report to the Deputy Superintendent. Program directors, fiscal staff and program consultants within each center carry out the day to day functions of grants management. Department Accounts (DA) staff, under Internal Operations and Risk Management, is responsible for processing grant payments, entering payment data into the Oracle system and other fiscal functions for grants.

Organizational Function

Office directors oversee the administration of federal and state programs. Fiscal consultants ensure payment data is accurate. State grants are monitored by fiscal consultants placed in various offices, but fiscal monitoring of federal grants is performed by fiscal consultants within the Federal and State Grants Management (FSGM) office. Fiscal consultants perform a variety of fiscal management and control activities that include managing payroll, monitoring maintenance and equipment budgets, and communicating with vendors to resolve problems and answer questions. Other general responsibilities of fiscal consultants include the following:

- Review and approve sub-recipient final expenditure reports;
- Review grant payment data;
- Review project cash requests;
- Authorize grant payments;
- Track grant payment information in Oracle;
- Review financial reports; and
- Close grant accounts.

ODE program consultants assist higher level educational administrators in the planning, developing and administering of grants, and assist school district administrators by providing technical assistance. General responsibilities of program consultants include the following:

- Program consultants review and approve program budgets and applications;
- Perform required data verification;
- Advise school officials on grant procedures and responsibilities established by state and/or federal statutes and regulations;
- Interpret and implement policy;
- Maintains appropriate files for the integrity of the grants;
- Communicates with sub-recipients on a regular basis; and
- Perform sub-recipient monitoring and on-site compliance reviews.

The Center for Finance and School Accountability oversees school foundation payments and is involved in monitoring most federal funds. The Office of School Finance staff administers school foundation payments. FSGM fiscal consultants assist program consultants to monitor and review federal funds, but do not participate in the administration of state grants. Responsibilities of FSGM staff, other than fiscal specialist duties, include receiving audit reports, reviewing and approving corrective action plans, and informing sub-recipients that they are to receive a single-audit required by federal Office of Management and Budget (OMB) Circular A-133.

The Center for Curriculum and Assessment staff are responsible for the development of academic standards and curriculum for Ohio students. High school graduation requirements, proficiency tests and General Equivalency Diploma (GED) tests are managed in this center. The Office of Career, Technical and Adult Education is responsible for providing programs and services to meet the career education needs of Ohio's youth and adults. Federal and state grants administered through this office include Tech Prep Expansion (state), Adult and Basic Literacy Education (federal), and Jobs for Ohio Graduates (state).

The Center for School Reform and Options administers federally funded Title programs through the Office of Reform and Federal Student Programs. Federal Title grants administered through the Office of Reform and Federal Student Programs include Title I (Capital Expenses, Local Neglected, Delinquent, and Migrant Education), Title II (Eisenhower Professional Development), Title VI (Innovative Education Program Strategies) and Title VI-R (Class-Size Reduction). The objectives of these grants vary, but are generally focused on aiding educationally disadvantaged youth. Sub-recipients apply for federal Title grants via the Consolidated Local Plan (CLP) which combines all Title grants into one electronic application.

The Center for the Teaching Profession is responsible for developing policies and programs that support the education profession. Programs administered in this center include educator development, teacher certification, teacher recruitment, teacher retention, entry year assistance and assessment, and educator preparation. Grants for teacher training, paying teacher application fees for certification and other funding for professional development programs are administered in this center.

The Center for Students, Families and Communities administers grant programs that deal with child nutrition, early childhood development and exceptional children (children with disabilities). The Office of Child Nutrition Services (CNS) administers the Child and Adult Care Food program, Federal School Lunch and Breakfast programs and other child nutrition-related services. The Office of Early Childhood administers Head Start grants, Public Pre-School grants and other programs. The Office of Exceptional Children administers the federal Individuals with Disabilities Education Act (IDEA) and other programs that assist children with disabilities.

Summary of Operations

In FY 2000, ODE administered 33 federal grants that accounted for \$834 million in grant subsidy dollars. State programs for FY 2000 and FY 2001 are funded through approximately 55 General Fund line-items in H.B. 282, which allocates approximately \$5.6 billion to sub-recipients.

ODE is informed of new federal grants through a Grant Award Notification letter to the Superintendent's office. ODE does not have to apply for most of these grants. Controlling Board approval is required when new federal grant funds are established. For most federal grants administered by ODE, ODE acts as a pass-through entity to disperse funds to school districts and other eligible entities. Most federal grants originate from the U.S. Department of Education. Examples of U.S. Department of Education grants are Title I, Goals 2000, and Safe and Drug Free Schools. The U.S. Department of Agriculture funds Child Nutrition Services programs such as the National School Lunch and School Breakfast programs. Significant grant funding is also received from the Department of Labor and the Department of Health and Human Services. Overall, federal funds are used for a variety of purposes that include vocational education, supplemental instruction, literacy, professional development, child nutrition and technology.

Federal grants administered by ODE offices can be classified as formula, reimbursement and competitive (discretionary). Federal formula grants are administered based on an allocation formula. An example of a federal formula grant is the Title I grant which serves disadvantaged students. The Office of Reform and Federal Student Programs administers the majority of federal formula grants for the ODE. Federal reimbursement grants are based on actual expenses submitted by recipients. An example of a federal reimbursement grant is the National School Lunch Program which reimburses sub-recipients for school lunches served. Federal reimbursement grants are administered mainly through Child Nutrition Services. Sub-recipients can apply for federal competitive grants based on a competitive selection process. An example of a federal competitive grant administered through ODE is the Reading Excellence Grant. Sub-recipients can access and apply for other federal competitive grants by searching federal web-sites such as the U.S. Department of Education, the U.S. Department of Labor and the U.S. Department of Human Services.

The five types of state grants or appropriations found in H.B. 282 are state set-aside, state competitive (discretionary), state formula, state reimbursement and school foundation. State set-asides are designated by the legislature for a specific purpose. Examples of state set-asides are the Education Excellency and Competency grants which are allocated to various programs throughout the state. State competitive grants require sub-recipients to apply for funds through a competitive selection process. Tech Prep Expansion grants are examples of state competitive grants. State formula grants such as the State Head Start grant have a formula component based on child count data that determines program allocations. State set-asides, state competitive grants and state formula grants operate through various offices at ODE. State reimbursement funds include line-items such as bus purchasing where districts are reimbursed for buses purchased during the school year.

School foundation appropriations are a unique type of formula allocation found in H.B. 282 and are based on formulas determined by the legislature. A number of factors go into the formula that is used to calculate cost per pupil and total state foundation allocations to school districts. Those factors include average daily membership (ADM), property valuation, transportation and Disadvantaged Pupil Impact Aid (DPIA). In FY 1999, the State Legislature determined that the base cost per pupil was \$4,294. School foundation (SF) formula allocations to school districts are processed using the SF3 form. Due to a May 2000 Ohio Supreme Court ruling in *DeRolph vs. Ohio*, the current formula was ruled to be unconstitutional. A long-term solution to school funding has not been determined. School foundation payments are managed through the School Finance Office under the Center for Finance and School Accountability.

Table 6-2 describes the different grant types and processes administered by ODE.

Table 6-2: Grant Processing

Grant Type	Grant Process
Federal Formula Example: Title I	Advancing funds to sub-recipients based on approval of an application and budget
Federal Reimbursement Example: School Lunch	Based on reimbursement for actual expenses submitted by recipients
Federal Discretionary (Project Grants) Example: Reading Excellence	Based on a sub-recipient filling out a competitive application
State Formula Example: Head Start	Advancing funds to sub-recipients based on approval of an application and budget
State Discretionary Example: Tech Prep	Based on a sub-recipient filling out a competitive application
State Reimbursement Example: Bus Purchasing	Based on reimbursement for actual expenses submitted by recipients. Reimbursement of funds are based on requirements in the Ohio Revised Code.

Source: Financial Management System/Payment Project Summary and House Bill 282

Note 1: A grant is defined for this table as formula, reimbursement, discretionary, or set-aside funds that are allocated to a sub-recipient based on the completion of an application, budget and expenditure report. School foundation funds were excluded from this list because they do not fit under this definition for a grant. State set-aside allocations were also excluded because these funds are guaranteed for a particular program established by the legislature.

Table 6-3 identifies the center, number of federal and state programs administered in each center and the budgeted 2001 appropriations for each center.

Table 6-3: Center Programs and Appropriations

Center	Number of Programs Administered in each Center	FY 2001 Appropriations
Center for Curriculum and Assessment	16	\$597,923,693
Center for Finance and School Accountability	7	\$4,403,546,496
Center for School Reform and Options	9	\$400,435,191
Center for Students, Families, and Communities	19	\$673,897,797
Center for the Teaching Profession	7	\$23,717,074
Total	58	\$6,099,520,251

Source: FY 2001-2002 Budget by Center and Major Program

Performance Measures

The following is a list of performance measures that were used to conduct the review of grants management at ODE:

- Assessment of ODE's grants management practices in comparison to best practices and standards;
- Evaluation of the organizational structure for grants management;
- Evaluation of the method for tracking of grant disbursements and the extent of the controls in the financial system;
- Analysis of the grants management capabilities of Oracle;
- Assessment of internal monitoring and compliance procedures for grants; and
- Assessment of SF3 processing and other reimbursement processes.

Findings/Commendations/Recommendations

Organizational Structure and Staffing

F6.19 **Table 6-4** compares the grant management organizational structures for various state education departments.

Table 6-4: State Grants Management Organizational Structures

State	Grants Management Office Responsibilities (If Applicable)	Single Point of Contact/or Multiple Point of Contact for State and Federal Grants ¹	Other Responsibilities pertaining to grants: (receiving applications, on-site monitoring, and receiving audit reports)
Ohio Department of Education	<p>FSGM has the following responsibilities:</p> <p>1) process cash requests after the initial payment to a school district are made, 2) process Final Expenditure Reports, 3) review audit reports, 4) contact school districts if they have questions.</p> <p>Note: FSGM works only with federal grants.</p>	<p>Multiple Points of Contact:</p> <p>FSGM works solely with federal grants. State grants are administered through program offices and the Office of Development assists programs with writing discretionary grant proposals. ODE plans to consolidate the management of state grants with federal (F6.21, R.14).</p>	<p>Grants offices review application budgets, and perform on-site reviews. Audit reports are received by FSGM and corrective action plans are reviewed and approved.</p>
Connecticut Department of Education	<p>The Division of Grants Management has the following responsibilities:</p> <p>1) monitor elementary and secondary expenditures to ensure compliance with state requirements, 2) keep fiscal records, 3) collect formula data, 4) perform grant calculations, 5) ensure quality control review, 6) assess compliance procedures, and 7) maintain payment system.</p>	<p>Single Point of Contact:</p> <p>The Division of Grants Management acts as a single-point of contact for grants since all federal and state calculations are performed through that Division. According to the director of the Division, a single-point of contact aids in the Division's capability to process financial statistics and assist school districts.</p>	<p>Grants offices review application budgets, and perform on-site reviews. The Internal Auditing Office reviews all audit reports.</p>

State	Grants Management Office Responsibilities (If Applicable)	Single Point of Contact/or Multiple Point of Contact for State and Federal Grants ¹	Other Responsibilities pertaining to grants: (receiving applications, on-site monitoring, and receiving audit reports)
Missouri	<p>Division of Grants Management (DGM) has the following responsibilities:</p> <p>1) approves applications, 2) performs on-site reviews, and 3) assesses compliance procedures.</p> <p>Note: DGM only works with federal grants.</p>	<p>Multiple Points of Contact:</p> <p>DGM is responsible only for federal grants. State grants are administered through program offices. There are tentative plans to consolidate fiscal management for state and federal grants, but how they are going to accomplish this goal is not yet determined.</p>	<p>DGM approves applications, budgets, and performs on-site reviews. The financial section receives final expenditure reports and reviews audit reports.</p>
Texas	<p>Texas has no grants management office, although most federal formula grants are administered together.</p>	<p>Multiple Points of Contact:</p> <p>The monitoring of federal formula grants is centralized. The monitoring of discretionary and competitive funds is decentralized.</p>	<p>The program offices review and recommend applications for approval. On-site reviews for federal formula grants are centralized in one office that performs periodic on-site visits. Program offices perform additional on-site reviews as needed. The financial section reviews audit reports.</p>
Florida Department of Education	<p>Responsibilities of the Bureau of Grants Management include the following:</p> <p>1) process all state and federal grants, 2) send applications to school districts, 3) receive completed applications and forward to program office, 4) review final budget allocation, and 5) authorize Comptroller's Office to pay grant.</p>	<p>Single-point of contact:</p> <p>The Bureau of Grants Management has the responsibility for all state and federal funds. Program offices still administer the day-to-day functions of grants.</p>	<p>Program offices review applications and perform program-specific on-site reviews. The Auditor General reviews audit reports, and distributes reports to program offices.</p>

Source: Phone interviews with various states

¹ Multiple points of contact refers to the fact that fiscal and administrative functions of state and federal grants are administered in multiple offices. Single point of contact refers to one office being responsible for most fiscal and administrative functions for both federal and state grants.

F6.20 Grants management is structured differently for each state reviewed. **Table 6-4** indicates the following:

- States selected have both single and multiple points of contact for state and federal grants management;
- Texas has a centralized grant monitoring component;
- Responsibilities of grant programs include reviewing applications and budgets and performing on-site reviews;
- Offices in the different states receive and review audit reports. The five different options for reviewing audit reports include financial area review, office of grants management review, internal auditing office review, office of compliance and audit review, and program office review;
- The Connecticut Department of Education, Division of Grants Management, reviews all state and federal formula calculations before they are disbursed; and
- Administration of federal formula grants is generally centralized for selected states.

F6.21 ODE has not centralized its functions for grants management. Currently, FSGM administers many fiscal functions for federal grants. State grants are administered through the various centers and offices at ODE. The director for FSGM indicated that the office will eventually perform the same fiscal functions for state grants that they do for federal grants, but plans have not yet been finalized. The director indicated that they have not worked with state grants in the past because grants management originated first with federal grants. Fiscal oversight functions and grant monitoring are areas that potentially could be centralized.

A 1999 management study performed on ODE by KPMG recommended the centralization of fiscal oversight functions for all grants administered by ODE while office personnel would still be responsible for the provision of technical assistance and the day-to-day management of operations. Decentralized fiscal oversight functions could result in inconsistent processing of financial data. The study outlined the following advantages to centralizing the fiscal oversight of grants:

- Provides a central coordination point for grants;
- Provides oversight authority to monitor expenditures;
- Centralizes cash draws for ODE; and
- Centralizes federal reporting requirement functions.

In addition, best practices developed by the Florida Office of Program Policy Analysis and Government Accountability recommended that grants should be monitored from a central location. Texas and Missouri also have central grant monitoring that could be used as benchmarks. Decentralized monitoring results in the lack of staff coordination to perform the monitoring function. The fragmented structure is problematic both for ODE staff

working on grants and for sub-recipients who have several points of contact at ODE for grant information and functions.

F6.22 The Grants Management Committee (GMC) also provides ideas for how grants management can be structured within an organization. GMC is comprised of federal chief financial officers and other financial personnel and has addressed various cash and accounting issues relevant to efficient management of the federal government's approximately \$300 billion in federal grant awards. GMC is comprised of four working subcommittees: Pre-Award Workgroup, Post-Award Workgroup, Audit Oversight Workgroup and Electronic Processing Workgroup. The Pre-Award Workgroup addresses grant term forms and processes, terms and conditions, debarment and suspension regulations. The Post-Award Workgroup examines agencies' financial and programmatic grant monitoring and reporting instruments. The Audit Oversight Workgroup is charged with improving or simplifying Federal Audit Clearinghouse (FAC) services, OMB Circular A-133 compliance, delinquent grantee audit reports, Compliance Supplement guidelines and other forms. The Electronic Processing Workgroup was established to coordinate, promote and facilitate the effective use of electronic commerce throughout the federal grants community.

R6.13 ODE should restructure all internal grants management functions to create a more centralized system. ODE should consider designing the grants management office to reflect separate pre-award and post-award areas. Grants functions of the pre-award area should include grant budget and application review, identification of new funding sources, grant-writing training, and data verification. Grant functions of the post-award area should include coordinating sub-recipient monitoring, final expenditure report review, performance evaluation of programs, resolution of single audit findings, payment tracking and other accounting functions. Specific offices within ODE could retain responsibility for the day-to-day operation of grants in their functional areas.

Centralized grants management would streamline the administration of grants at ODE and generally enhance the efficiency and effectiveness of this service. Centralized oversight of grant information could help reduce data inaccuracies or inconsistencies, and centralized monitoring of grants could better ensure compliance with federal and state regulations. This enhanced efficiency and effectiveness would allow ODE to deliver a higher quality of service to grant sub-recipients by also simplifying interactions for school districts. This overall focus on staff and customer needs, along with more efficient process management, would contribute to the effective implementation of the Baldrige principles at ODE (see the **strategic planning** section).

F6.23 School district treasurers and superintendents identified the following grants management issues for ODE in focus groups conducted by Auditor of State (AOS) staff:

- ODE should be the voice of reason when implementing rules for grants rather than providing grant funds with little or no oversight on how the money is spent;
- Some grants are not on-going, and funding may run out after a specific period of time;
- State grants require a significant amount of paperwork;
- State grants are a vehicle for special interests to be represented;
- ODE neither distributes awards nor notifies applicants of their status in a timely manner;
- Letters and memos announcing grant processes often arrive late, allowing little or no time to write a proposal; and
- Competitive grants are problematic because school districts may spend time and resources applying for the competitive grant with no guarantee of receiving funding.

The grants management issues may not have been resolved due to a lack of a clear mission for grants management at ODE. Additionally, although implementing authority for grants is given to ODE by the State Legislature, ODE has not taken the lead in developing clear policies and procedures for implementing rules for state grants (see **R6.22**). If issues are not addressed in a timely manner, ODE cannot administer state grants effectively and efficiently and the lack of control for monitoring state funds will continue to exist. The end result will be that ODE service to school districts will suffer.

F6.24 ODE does not provide school districts with technical grant-writing training or pre-award assistance with federal discretionary grants. ODE has a role in locating additional funds for school districts through the Office of Development, but the main focus is on attracting private foundation funding. During focus group meetings conducted by AOS staff, school district superintendents and treasurers indicated that applying for discretionary funds was a time-consuming process that can result in minimal benefits for the district. The lack of grant-writing technical assistance to school districts can affect district programming and the efficient use of resources by district staff. Without improved technical assistance, school districts could potentially miss opportunities to receive discretionary funding. The Florida Department of Education can be used as an example for providing grant assistance to school districts.

The Grants Development Office for the Florida Department of Education has the following goals:

- Facilitating grant activities throughout the state;
- Serving as a statewide clearinghouse and information resource on available funding for new and continuing grants from all sources; and
- Providing statewide grant development training and on-site technical assistance as requested.

R6.14 ODE should assist school districts in obtaining federal discretionary grants and should provide grant-writing technical assistance and training to districts. In addition, ODE should provide a clearinghouse for discretionary funds to school districts. ODE grant writing and technical assistance to school districts could be incorporated into the pre-award area for the proposed centralized grants management system. However, ODE staff providing technical assistance to school districts should not be involved in reviewing grant proposals because of the risk that specific districts receiving technical assistance may be given priority over others during the review process. District programming could benefit from additional sources of funding as a result of the potential increase in awareness of federal discretionary grants. The efficiency of districts applying for federal discretionary grants could be improved due to districts spending less time and money writing grants as a result of ODE training and technical assistance.

F6.25 Individual staff positions assigned to grants include program and fiscal consultants. Program consultants are assigned to specific grants and programs and are primarily responsible for contact with grant sub-recipients. Duties include approving program budgets and applications and performing any necessary on-site monitoring to ensure compliance with state and federal regulations. Program consultants working on federal grants are funded through the grant. Program consultants working on state grants can be funded from a single grant, as well as from other sources.

Fiscal consultants work for offices of ODE and are not assigned to specific grants. Rather, they perform fiscal functions for all grants administered through their respective offices. Major functions of fiscal consultants include reviewing expenditure reports, authorizing and tracking grant payments and filing reports with DA.

R6.15 ODE should develop formal and consistent procedures regarding staffing and division of functions for grants administration within its offices. Included in the procedures should be descriptions of the job duties and specific funding sources for program consultants. This information could also be included for fiscal consultants, although ODE should consider consolidating the grants-related functions of fiscal consultants in the centralized structure.

Standardizing grants administration procedures across ODE could enhance the quality of services delivered to sub-recipients while establishing a formal protocol for ODE personnel to follow. Having consistent internal procedures could streamline the overall process and create a smoother flow of funds and data. The formal procedures could be distributed to grant sub-recipients to ensure that operational expectations and requirements are clearly understood by all parties involved. Additionally, standardizing grants administration procedures would better reflect grants management best practices.

Grants Management Best Practices and Standards

F6.26 The Florida Office of Program Policy Analysis and Government Accountability (an office created by the Florida Legislature) has compiled a list of best practices for grants management including those developed by the American Institute for Certified Public Accountants (AICPA). **Table 6-5** gives 16 grants management best practices and an assessment of ODE's adherence to these standards. Interviews were conducted with various offices involved with grants management to determine how federal and state grants are administered at ODE and more detailed information on how ODE compares to best practices can be found below.

Table 6-5: Grants Management Best Practices

Grants Management Best Practices	ODE Status
Reporting and compliance requirements are defined (e.g. regulations) and communicated to the district.	Reporting and compliance requirements are generally communicated to the district through the application process. Application procedures are standardized for federal grants but not state grants (F6.35, R6.21). School district superintendents had concerns that ODE does not notify applicants of their grant status in a timely manner letters announcing processes often arrive late, allowing little or no time to write a proposal (F6.22, R6.15)
Procedures exist to monitor district compliance with grant terms.	Compliance requirements are monitored primarily through on-site reviews, expenditure reports, and the single audit (F6.36, R6.23, F6.38, R6.25, F6.39, R6.26).
Sub-recipients are monitored sufficiently and on a timely basis to permit curtailment of any abuse before all funds are disbursed.	Selected ODE programs did provide evidence of monitoring through on-site reviews. ODE programs have different methods of determining when a sub-recipient may need an on-site review (F6.38, R6.25).
Funds are disbursed to sub-grantees on the basis of approved applications.	Applications are initially approved by program consultants. School district superintendents indicated that ODE does not distribute awards in a timely manner (F6.22, R6.15)
Failure by the District to meet financial reporting requirements are investigated on a timely basis.	State programs generally require expenditure reports and other statistical reports. Federal programs require expenditure reports and Circular A-133 single-audits for certain sub-recipients (F6.36, R6.23, F6.39). Ensuring timely corrective action for single audit findings was an issue for some ODE programs (F6.40, R6.26)
Responsibility for monitoring grant activities is properly fixed.	ODE program consultants are responsible for on-site monitoring, while fiscal consultants are responsible for contacting vendors, reviewing final expenditure reports and other fiscal functions. ODE does not have formal and consistent procedures regarding staffing and division of functions for grants administration within its offices (F6.25, R6.15).
Grant activity is monitored from a central location.	Grant monitoring for ODE is not centralized (F6.21, R6.13)
Procedures exist to monitor compliance with: financial reporting requirements, use of funds and other conditions in accordance with grant terms, and timely billing of amounts due under grants.	ODE has a financial procedural manual, but the focus of the manual is on all ODE financial transactions, and not tailored to grants (F6.30, R6.18).
Grant activity is accounted for so that it can be separated from the accounting for locally funded projects.	The FAS accounting system could not budget by project, but the implementation of Oracle will have this capability (see financial budgeting and reporting).

Grants Management Best Practices	ODE Status
There is a system for obtaining grantor approval before incurring expenditures in excess of budgeted amounts or unbudgeted expenditures.	Grants management procedures are currently being developed for ODE (F6.35, R6.22)
Grant revenues and disbursements are processed under the same degree of controls applicable to the organization's other transactions (procurement, budget, etc...).	CAS and Oracle both have controls for procurement, budgeting and grant disbursements (F6.6).
Requirements are included in sub-grantee agreements that the sub-grantee comply with the primary grant agreement conditions as well as grantee's standards.	Standard application procedures exist for most federal grants but not state grants (F6.35, R6.22).
Reasonable procedures and controls exist to provide assurances of compliance with recipient eligibility requirements established by grants.	Federal and state grant applications have assurances that sub-recipients comply with grant requirements (F6.36, R6.22).
Procedures exist to ensure that funds are spent in accordance with legal requirements and spending restrictions.	Fiscal consultants review expenditure reports to ensure that funds are spent in accordance with legal requirements and spending restrictions (F6.36, R6.23).
Statistical or data reports that form the basis for grant revenue distribution are reviewed by a responsible official before allocation.	ODE programs may perform minimal checks on EMIS data, relying mainly on ITO to review data (F6.27, R6.17).
The amounts of entitlement funds received are compared with the amount anticipated by a responsible official and unusual variances investigated.	Office of Reform and Federal Student Programs reviews entitlement fund calculations most federal programs.

Source: Interviews with ODE personnel and the Office of Program Policy Analysis and Government Accountability best practices.

Note 1: Programs interviewed include the following: Title I, Public-Pre-school, Tech-Prep Expansion, Education Excellence and Competency, Bus Purchasing and Jobs for Ohio Graduates.

Note 2: Offices interviewed that are involved with grant management include Child Nutrition Services, Office of Reform and School Options, Early Childhood, Office of Career and Technical Education and Federal and States Grants Management. Department Accounts and the Office of Internal Audit were also interviewed to gain further insight into grant processing.

R6.16 ODE should monitor the organization's adherence to the Office of Program Policy Analysis and Government Accountability best practices. Since a comprehensive assessment of all grant programs administered by ODE was not within the scope of this review, programs not interviewed may not be adhering to grants management best practices. The method used to monitor the best practices could vary, but a rating system evaluating each program's progress towards achieving grants management best practices could be distributed to programs and reviewed by the Federal and State Grants Management office. ODE's adherence to grants management best practices would ensure that the organization is performing according to industry standards.

F6.27 Although ODE grant programs perform checks to verify EMIS data, programs rely mainly on ITO to perform data verification on EMIS data. Grants management best practices state that statistical or data reports that form the basis for grant revenue distribution should be reviewed by a responsible official before allocation. Various offices at ODE use EMIS data. The Office of Reform and School Options receives school building data through EMIS, although this data is not used to determine funding allocation. Early Childhood uses EMIS child count data as a basis for funding programs. A staff member for the Office of Reform and Federal Student Options indicated that EMIS data is mainly reviewed by ITO, although staff review numbers to ensure that there are no large differences between what was submitted and approved. Methods ITO uses to verify EMIS data include comparing EMIS data to hard-copy forms and other integrity checks.

In focus groups conducted by the Auditor of State, school district administrators indicated an overall lack of confidence in EMIS data. School district treasurers stated they had a 80 percent confidence level in the data, and were unsure how ODE reviews the data once it was submitted. School district superintendents indicated that inaccurate EMIS data is due to coding issues, such as when a position or student is coded wrong and changes are made to the data.

R6.17 ODE offices should periodically pull applications and test the accuracy of EMIS data with the information contained on the application. Offices should determine how often testing should be performed based on a risk assessment (See **R6.23**). Programs could also verify data through on-site reviews of programs (See **F6.38**). ODE programs should also communicate to school districts how it verifies EMIS data, so that the confidence school district administrators have with EMIS data can be improved. Having programs verify EMIS data submitted by school districts adds an additional integrity check for data accuracy.

Financial System Tracking for Grant Disbursements

F6.28 Department Accounts (DA) is responsible for tracking and reporting all grant-related information at ODE. The primary responsibilities of DA relating to grants management include the following:

- Review federal and state allocations;
- Process draws on federal line items;
- Enter payment data into Oracle;
- Ensure that Oracle is reconciled with CAS;
- Process vouchers;
- Prepare Grant Master Input (GMI) document for CAS to obtain state grant number;

- Input grant information into Oracle and the chart of accounts; and
- Monitor grants to ensure that new grants are input in a timely fashion and are updated in the various accounting systems.

F6.29 Each federal and state grant administered by ODE is assigned a payment account in FAS that tracks the year and amount of the grant, as well as any project code information. Grants and payments are tracked by several types of codes in FAS. Internal Retrieval Number (IRN) codes allow staff to see grant information by school district, showing all payments received by the district from any grants administered by ODE. Reporting category codes show all payment information for one particular grant. Spending authority codes (SAC) indicate the total amount available to spend for the grant, Catalog of Federal Domestic Assistance (CFDA) numbers indicate a particular federal grant, and state or federal grant numbers identify the particular grant combination and year.

Some grants administered by ODE are not tracked in Oracle. Child Nutrition Services; Career, Technical, and Adult Services; and School Finance each have their own payment and reporting systems. Each of these systems has a specific method for calculating and dispersing allocations to Ohio's school districts. However, the implementation of the Oracle grants management module will consolidate all payment and reporting systems into a single, centralized system. The systems will maintain separate data analysis functions.

F6.30 Different processes are followed for the tracking and payment of federal and state grants. Payments for most federal grant sub-recipients are drawn from the U.S. Department of Education's Grant Administration and Payment System (GAPS). The Department of Labor, the Department of Human Services and the Department of Agriculture have other systems from which federal funds are drawn. Most federal grants operate on a 27-month payment cycle and must be reported on the Schedule of Federal Awards that DA files with Ohio's Office of Budget and Management (OBM). Office fiscal consultants initiate payment on federal grants by reviewing and approving project cash request forms and forwarding them to DA. After the initial payment on federal grants, sub-recipients file project cash requests directly with FSGM, where they are reviewed, approved, and forwarded to DA for payment.

State grants operate on a two-year cycle based on the state biennial budget. Specific appropriations are budgeted on a quarterly basis through CAS. DA staff process payment vouchers for federal and state grants. Payments for state grant sub-recipients are requested by program consultants via project cash request forms. These requests are sent to office fiscal consultants who approve the requests and use FAS to ensure that adequate funds are available. Upon approval, the requests are sent to DA for official payment.

ODE has developed a financial procedures manual which defines procedures for all ODE financial transactions. However, the focus of the manual is not on grants. A fiscal officer

in DA indicated that DA and FSGM are working together to develop comprehensive grants management policies and procedures for ODE (See **F6.35**). Without standard financial procedures for grants, there could be inconsistencies in how federal and state funds are processed at ODE and an increased risk of violating federal and state regulations.

R6.18 In accordance with best practices for grants management (See **F6.26**), ODE should develop procedures to monitor compliance with the following:

- Requirements for financial reporting;
- Use of funds and other conditions in accordance with grant terms; and
- Billing of amounts due under grants in a timely manner.

Organization-wide financial procedures for grants provide consistent methods for all office staff to process grant allocations. The procedures should include a reasonable basis for monitoring grants and reasonable assurance that requirements are being followed. Financial procedures for grants should be based upon OMB Circular A-133 and the Education Department Grants Administrative Regulations (EDGAR) and should be included with the application procedures and other grant procedures in a written document.

F6.31 ODE is in the process of implementing the grants management module of the Oracle ERP system (see **technology utilization**). This module has been installed and became operational on July 1, 2001. FAS is no longer used for grant payment tracking and processing. However, ODE staff will still be able to access FAS for historical information. ODE is in the process of training staff on the use of the Oracle grants management module, addressing issues with Oracle implementation and transferring accounts previously in FAS to Oracle. Oracle adds the following benefits and capabilities to ODE's grants management functions:

- Grant program staff will have access to more detailed grants information and will be able to sort by any field (project, program, center, etc.) to obtain detailed grants information.
- Grant program staff will be able to view and print customized grant reports. However, ODE has not determined all the types of reports desired and which reports will come from the Data Warehouse and Oracle financial data (see **R6.18**).
- Grant program staff will be able to download grant reports to a spreadsheet and manipulate data.
- Oracle will assist ODE's compliance with OMB Circular A-133 by allowing FSGM to view payment data from Career, Adult, and Technical Education and Child Nutrition Services (See **F6.32**)

- Plans are in place for ODE to use Oracle to process expenditure reports and budgeting for grants on-line. Processing grants on-line reduces the time it takes for sub-recipients to fill out grants information and send it to ODE.
- ODE will have an additional capability with Oracle to expand the loading of data files for federal and state grants. Currently, for grants such as Title I, ODE is given a certain percentage of the award up front and can automatically load data files with formula data for the initial award into FAS. Additional formula data for subsequent payments have to be manually entered onto FAS and all state grants have to be set up manually. Oracle will give ODE the capability to autoloading all awards so that formula data will not have to be entered manually.

R6.19 ODE should use Oracle so that grants information needed to process expenditure reports and budgeting is available on-line. Processing grants information on-line will result in immediate turn-around time for financial information to be used by ODE personnel and school administrators and improve customer service. ODE should make this a priority and develop an implementation plan and time frame for completing the project. An example of a state using a web-based expenditure reporting system is Texas. Expenditure reports are reported on the web or through interactive voice response (telephone). Payments are approved by the automated system after reporting expenditures, unless thresholds are exceeded. If a threshold is exceeded, grant manager intervention is required before the payment is approved. The grant manager might increase, decrease or approve the payment once satisfied.

ODE should also use Oracle's capability to autoloading all awards. Autoloading the formula data automatically for the initial payment as well as subsequent payments means less time will be taken to manually set up grants. Staff resources could then potentially be used to verify the formula data and ensure grant payment calculations are accurate.

F6.32 With the implementation of Oracle, FSGM personnel will have inquiry capability to view payment information for Child Nutrition Services (CNS) and Career, Technical and Adult Education (CTAE). Prior to Oracle, CNS and CTAE had separate subsystems which did not interface with FAS. As a result, FSGM personnel could not view payment information for those offices. However, FSGM personnel could annually review sub-recipient payment information from the federal subsidy report which totals all payments a sub-recipient receives in a year.

R6.20 FSGM should utilize Oracle inquiry capabilities to view payment information along with reviewing the federal subsidy report. Monitoring payments to CNS and CTAE through Oracle and the federal subsidy report give FSGM more control over monitoring disbursements. FSGM will be also be better able to answer questions from sub-recipients

regarding payment information. In addition, using Oracle in conjunction with the tracking system discussed in **F6.40** will give FSGM the ability to identify sub-recipients receiving payments who remain delinquent in submitting audit reports.

Internal Monitoring and Compliance Procedures

F6.33 Standardizing the federal Title grants in an electronic format has simplified the application process for sub-recipients through the Consolidated Local Plan (CLP). The CLP combines the application procedures for Title I, Title II, Title IV, and Title VI-R, School Accountability and Improvement, Migrant Education, Homeless Education, and Delinquent Education grants into one application. Initially developed in 1995, the CLP was made available in an electronic format in June 1998. Currently, there are 811 entities on the CLP (612 traditional school districts, 65 community schools, 62 Mental Retardation and Development Disabilities offices (MRDD's), 48 joint vocational schools, 16 educational service centers and 5 other state institutions).

F6.34 ODE plans to put state grants onto an electronic system via the Comprehensive Continuous Improvement Plan (CCIP). The project started in November 2000 and is now scheduled to be completed by March 2002. The CCIP will integrate the Interactive Continuous Improvement Plan (iCIP) and the CLP to streamline grants management, data collection, and technical assistance to school districts. The iCIP is a web-based planning tool initiated in March 2000 to improve a school district's ability to monitor continuous improvement plans and apply for state grants. The CLP is an electronic application that school districts use to apply for federal Title grants (See **F6.33**). The CCIP will involve linking the iCIP and CLP to a set of common master tables where duplicate and redundant data will be stored.

R6.21 ODE should monitor implementation of the CCIP, including the project scope and adherence to project time lines. Applying for state grants through an electronic system would allow a single point of entry for school districts. Another benefit of an electronic system is that application processing for grants would be based on real time, with school districts able to view information that they input into the system. Standard application procedures for state grants should result in a more efficient grant application process for school districts.

F6.35 ODE does not have standard written procedures to govern the administration of state and federal grants. The director of FSGM plans to complete standard written procedures for state and federal grants by December 31, 2001. Federal grants are monitored by ODE based on EDGAR and OMB Circular A-133. State grants have no overall uniform regulations. A fiscal officer in DA has indicated that DA and FSGM are working together to develop comprehensive policies and procedures for ODE so that the administration of state grants is not left to the discretion of the particular office that administers the grant.

Each state grant program is responsible for developing grant application procedures individually. Eligibility for state grants, such as Tech Prep Expansion grants, is not typically based on formulas like federal grants, but is based on eligibility criteria or a competitive selection process. State grants generally require budgets and final expenditure reports similar to federal grants, but these processes are not standard among all grants. For example, budgets and expenditure report formats are different for Education Excellence and Competency grants and the Jobs for Ohio Graduates (JOG) program. Another example of inconsistent application procedures for state grants are Venture Capital grants, which did not require expenditure reports or budgets until FY 2000. The Interim Director for Student Development indicated that the administration of grants would be easier if there were standardized forms for state grants.

R6.22 ODE should develop a policies and procedures manual for state and federal grants. Standard policies and procedures for grants should result in grant information being efficiently communicated to sub-recipients. Standardized policies and procedures should also help address the school district treasurers' concern that ODE should be the voice of reason when implementing rules for grants rather than awarding grant funds with little or no oversight on how the money is spent (See **F6.23**). ODE can also ensure that the grants management best practices involving standardized procedures are being met.

The list below gives examples of what could be included in a policies and procedural manual, based on the work of the Connecticut and Florida Departments of Education.

- Grant programs included in the procedure;
- Performance based applications and other applications;
- Sample approval letters;
- Project amendments;
- Project letters and reports;
- Special conditions (e.g., ineligibility for discretionary project application approval);
- General conditions of federal programs;
- Internal procedures for state projects;
- Accounting code descriptions;
- Variance and questioned cost procedures;
- Cash management description and sample forms;
- Grant awards periods and revisions;
- Request for entitlement calculation; and
- Budget form development.

F6.36 ODE programs monitor sub-recipient expenditures primarily through expenditure reports. Final expenditure reports are required to be sent by sub-recipients to fiscal consultants to verify budget-to-actual expenditure data on such items as staff support, administrative

services, and operation and maintenance costs. If there are discrepancies in the reported amounts, ODE personnel contact school districts to determine the reasons. ODE personnel also review payments to ensure that the sub-recipient received all funds due and determine if any refunds are required.

A review of three selected grant programs (Tech Prep Expansion, Title I and Public Preschool), showed that report periods differ. Annual expenditure reports are required for Tech Prep Expansion Enrollment and Title I grants. Quarterly expenditure reports are required for Public Preschool grants. Annual expenditure reports do not provide a timely accounting of sub-recipient expenditures and activities. In the AOS focus groups, school district treasurers indicated that there is little oversight on how money is spent (See **F6.23**). The district treasurers stated that the annual expenditure reports are the only time monitoring is done and ODE just ensures the numbers are accurate.

R6.23 ODE should determine the frequency sub-recipients are required to submit expenditure reports for grant programs based on risk factors. Risk factors developed by the National Partnership for Re-Inventing Government for the U.S. Department of Education include organizational experience with grants, size of the grant awards, demonstrated programmatic or administrative deficiencies, audit results or recorded complaints. If possible reports should be placed on-line to reduce paperwork (See **F6.13**). Reports submitted on a more frequent basis could also collect performance information such as staff turnover, expansion of enrollment or job placement of participants. Progress toward achieving goals could also be monitored more closely so that technical assistance could be provided in a timely manner. Determining the frequency sub-recipients are required to submit expenditure reports for grant programs based on risk factors could potentially add improved management controls if a program is experiencing financial or performance problems.

F6.37 The U.S. Department of Education has a state self-review document that is used by state education agencies such as ODE, and the federal Office of Elementary and Secondary Education (OESE) to assess the state implementation of federal programs authorized by the Elementary and Secondary Education Act (ESEA), as amended in 1994; the Goals 2000: Educate America Act of 1994; and the McKinney Homeless Assistance Act. The state self-review is designed to aid the state and the OESE review team in preparing for the integrated on-site visit conducted every 4 years by the OESE. A review has tentatively been scheduled at the beginning of the 2001-02 school year. The state self-review focuses on best practices, compliance with regulations, and program quality. The review includes the following quality indicators for the state implementation of federal education programs:

- Supports and promotes high standards for all children;
- Uses education research findings;
- Supports and promotes sustained, intensive, high quality professional development;

- Involves parents and other community representatives in school improvement;
- Promotes a safe, disciplined, drug-free and culturally sensitive school environment;
- Encourages and facilitates comprehensive school reform;
- Coordinates federal programs with each other and with state initiatives;
- Provides oversight of and assistance to sub-recipients; and
- Carries out all statutory and regulatory requirements.

The Office of Reform and Federal Student Programs' on-site review checklists for Title I collect data similar to the state self-review, but the state self-review includes more detailed information on how the implementation of federal programs should operate at the state level. For example, the Office of Reform and Federal Student Programs' on-site review check-lists for Title I, VI, VI-R, School Improvement and Homeless include a category for professional development that checks for documentation of professional development activities. The state self-review goes one step further by requesting information on strategies used to support and coordinate professional development activities. In the state self-review, the U.S. Department of Education also recommends principles of effectiveness in implementing professional development activities as follows:

- Focuses on teachers as central to student learning, yet includes all other members of the school community;
- Focuses on individual, collegial, and organizational improvement;
- Respects and nurtures the intellectual and leadership capacity of teachers, principals, and others in the school community;
- Reflects best available research and practice in teaching, learning, and leadership;
- Enables teachers to develop further expertise in subject content, teaching strategies, uses of technologies, and other essential elements in teaching to high standards;
- Promotes continuous inquiry and improvement embedded in the daily life of schools;
- Is planned collaboratively by those who will participate in and facilitate that development;
- Requires substantial time and resources;
- Is driven by a coherent long-term plan; and
- Is evaluated ultimately on the basis of its impact on teacher effectiveness and student learning; and this assessment guides subsequent professional development efforts.

R6.24 ODE should consider using the state self-review instrument as a method for determining how effectively federal programs are implemented. Completing the review can identify non-compliance, planning, and coordination issues for ODE's management of federal grants. ODE should compare contents of the review to the on-site reviews performed by program consultants to determine if they are comparable. Although ODE has not had to prepare for a state self-review, the Office of Reform and Federal Student Programs could use the most current state self-review form and determine early in the assessment process the strengths and

weaknesses in ODE's administration of federal grants. In addition, state grants that allocate funds to programs similar to federal programs included in the state self-review could use the assessment as an additional tool to determine similarities and differences for program goals, strategies and performance measures.

- F6.38 ODE programs also monitor grant program activities through on-site reviews performed by program consultants. Best practices (See **F6.26**) state that procedures should exist to monitor district compliance with grant terms, and sub-recipients should be monitored sufficiently and on a timely basis to permit curtailment of any abuse before complete funds are disbursed. Grant programs should have regular on-site reviews to verify data on the grant applications, monitor grant program activities and examine programs for compliance with federal or state regulations.

ODE grant program offices perform on-site reviews at least once every five years, but use different methods to determine which school districts or agencies should be scheduled for an on-site review. Title I bases on-site review schedules on the amount of money a district receives, previous program or audit findings, last review date, number and status of schools in school improvement, and unanticipated circumstances. Public Pre-school schedules on-site reviews based on a data-driven system whereby a sub-recipient is more likely to be scheduled for an on-site review if quarterly expenditure reports reveal data errors. The Tech-Prep Expansion program selects programs randomly for on-site reviews. The lack of a comprehensive approach based on risk factors to schedule on-site reviews may result in omission of important considerations for the review.

- R6.25** ODE programs should consider using a comprehensive approach based on risk factors to determine when a program should be scheduled for an on-site review. Risk factors include organizational experience with grants, size of the grant awards, demonstrated programmatic or administrative deficiencies, audit results or recorded complaints (See **R6.23**). A system should be developed which gives a grant program, school district or other sub-recipient a score based on the chosen risk factors. Risk scores should then be used to prioritize which entities should receive an on-site review. A risk-based approach may be difficult to apply to some programs because federal regulations require ODE visits to a certain percentage of grantees a year. A risk-based approach offers a systematic method to assess when an entity should receive an on-site review. In addition, a risk-based approach should ease the burden on ODE of using its staff resources to visit as many grantees as possible.

- F6.39 ODE is required to have a single audit performed for the organization in accordance with Federal OMB Circular A-133. ODE had problems complying with OMB Circular A-133 in 1998, 1999 and 2000. ODE did not receive audit reports from all sub-recipients as required and did not ensure that the necessary corrective action was taken. The Center for School

Finance and School Accountability has developed a matrix to compare audit findings. Audit findings from 1998, 1999 and 2000 are summarized in **Table 6-6**.

Table 6-6: Comparison of 1998, 1999 and 2000 Single Audit Findings

Audit Finding	1998	1999	2000
Did not receive audit reports	yes ¹	yes	yes
Audit reports not closed	yes	yes	yes
Duplicate IRN numbers and other errors in coding	yes	yes	yes
Lack of adequate tracking for audit reports	yes	yes	yes
Audit log classified entities incorrectly	yes	no	yes
Audit log did not indicate amounts disbursed for entities	yes	no	no
Audit log indicated that audit reports received had not been reviewed	yes	no	no

Source: 1998, 1999 and 2000 single audit report

¹ A yes response means the audit issue was a finding during that year's single audit; no means it was not a finding.

OMB Circular A-133 requirements include:

- Non-federal sub-recipients and pass-through entities that receive financial assistance of \$300,000 or more in federal awards will have a single or a program specific audit for that year. The sub-recipient must submit to ODE an audit report discussing the findings of the single audit;
- Sub-recipient activities must be monitored to ensure federal awards are being used for authorized purposes;
- ODE should issue a management decision on audit findings within six months after receipt of the audit report; and
- ODE should ensure that the sub-recipient takes appropriate corrective action.

F6.40 ODE continues to have a problem with delinquent single audit reports from sub-recipients. Some of the audits can not be reviewed in a timely manner because sub-recipients do not have data ready. Audit reports should be submitted to the FSGM once a year for most school districts, or once every two years for smaller entities. These audit reports must include:

- Financial statements and schedule of expenditures of federal awards;
- Summary schedule of prior audit findings;

- Auditor's report with current year findings; and
- A corrective action plan.

OMB Circular A-133 defines corrective action as action taken by the auditee that corrects identified deficiencies, produces recommended improvements, or demonstrates that audit findings are either invalid or do not warrant action. It is the responsibility of FSGM to forward audit report findings submitted by sub-recipients to ODE offices. FSGM coordinates with other ODE offices to take corrective action if needed. Each ODE Office is responsible for ensuring adequacy and compliance with internal controls and financial reporting issues. In addition, investigating a district's failure to meet financial reporting requirements is a requirement of grants management best practices (See **F6.26**).

FSGM tracks audit reports with an audit log using a spreadsheet format. Each entity is given an internal retrieval number (IRN) that is used as an identification number. All entities that receive federal money through ODE are entered onto the spreadsheet. This spreadsheet is further sorted into four spreadsheets, one for each of the following: non-profit entities receiving less than \$300,000; non-profit entities receiving \$300,000 or more; school districts receiving less than \$300,000; and school districts receiving \$300,000 or more.

R6.26 ODE should monitor single audit findings to ensure compliance issues are addressed in a timely manner. Special attention should be focused on coding errors, delinquent audit reports from sub-recipients, and other audit findings that occur year after year. Although FSGM staff indicate that ODE cannot control when audit reports are received, the FSGM and federal grant program offices should use the tracking system to monitor the receipt of the reports. Those sub-recipients who do not submit reports within the required period should be notified of their non-compliance. Additionally, ODE should be more proactive in taking action on the sub-recipients who remain delinquent, including the withholding of future funds until compliance is achieved. By addressing audit findings in a timely manner, control weaknesses can be identified and resolved quickly. Office of Internal Audit (OIA) should also use this data in preparing its annual audit schedule.

School Foundation Processing and Other Reimbursement Processes

F6.41 Currently, the SF3 process is used to determine school foundation payments to school districts. The SF3 form includes every line item used for the school foundation formula and the calculation for the amount of state aid for each line item. Currently, there are over 40 separate line items in 25 categories on the SF3 form. Examples of line items are average daily membership, number of classroom teachers, gifted aid, and vocational education weighted amount.

The School Finance (SF) office completes the SF3 form using EMIS data provided by each school district. School districts transfer EMIS data through Data Acquisition Sites to ODE (see the **technology utilization** section). The EMIS data received by ODE from school districts is put into a file by IMS and forwarded to the SF to be used in completing each school district's SF3. SF initiates payments every two weeks to school districts. SF3 forms are available on-line so that school districts can view payment information.

F6.42 Other school reimbursement processes administered through SF are processed manually. Other reimbursement processes administered through SF use as many as 30 manual forms. The reimbursement processes cover topics that include the following items:

- Special education;
- Post-secondary education options;
- Auxiliary service funds;
- Transportation;
- Non-public school students;
- Community school data; and
- Miscellaneous.

Information required on the SF forms is defined by H.B. 282 and the Ohio Revised Code. Supplemental SF forms are mailed to school districts at different times throughout the biennial budget period by SF staff. SF has begun to work on automating reimbursement forms. An attempt has been made to make available community school reimbursement data as part of EMIS through the EMIS redesign project (see **technology utilization** section). The director of SF indicated that she would like to see more forms automated, but there is a lack of resources and staff to automate all forms at this time. The director also indicated that automation of reimbursement forms would be reasonable because similar data is requested on different forms.

R6.27 School Finance should assess the reimbursement process to determine if the process can be streamlined. Data collected on the forms should also be studied to minimize any potential redundancy of data collected. School district input should be included in the form review process to address concerns of school district personnel, including duplication of data collected through EMIS and reimbursement forms and the increased amount of paperwork for SF processing. Reviewing reimbursement processes with input from school districts would improve communication between ODE and the school districts, and would provide an open forum for discussions on streamlining reimbursement processing. Examples of other items that could be incorporated into discussions concerning automation and streamlining of reimbursement forms include the following:

- Assessment of SF staffing needs;
- Assessment of SF resource needs;
- Communication of any changes in reimbursement forms;
- Integration of reimbursement data with EMIS through the EMIS redesign project;
- Electronic signature and other security concerns;
- Time lines for data collection;
- Number of edits per form;
- Ability of school districts to view data that is submitted in an electronic system;
- Form definitions and terms; and
- Workflow review and approval.

F6.43 SF has both manual and automated controls to ensure SF3 data is accurate. Grants management best practices state that statistical or data reports that form the basis for grant revenue distribution should be reviewed by a responsible official before allocation. The director for SF indicated that it is important to verify Average Daily Membership (ADM) because this calculation drives school foundation funding. SF staff perform checks for reasonableness by hand to ensure that extreme inaccuracies in data are discovered. For example, the previous year's ADM is checked against current year data to determine if there are any large variances. Additionally, computer programs run tests to ensure SF3 data is accurate.

F6.44 Since 1999, ODE has been required to perform ADM reviews for each school district every five years. The director of SF indicated that future ADM audits will be performed by the Auditor of State's Office (AOS), and ODE will do a more comprehensive review of a school if major problems are found during the AOS review.

For the ADM reviews previously performed by ODE, The Assistant Director of School Finance randomly selected the districts to be reviewed and informed the area coordinators. The area coordinators selected the individual schools to be reviewed and performed the on-site ADM audits. School district superintendents were encouraged to conduct planning sessions prior to the audit to ensure that all administrators are knowledgeable of the attendance process and have appropriate attendance procedures in place. The primary task for area coordinators during the audits was to compare actual school attendance figures with EMIS ADM audit report data. Schools could lose funding for late entry or early withdrawal of students or unexcused absences as defined by the ORC.

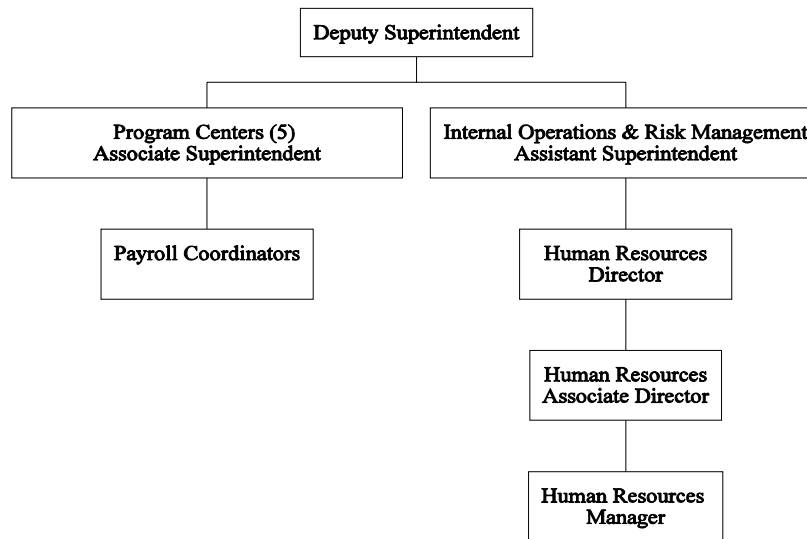
D. Payroll Management

Background

The payroll sub-section focuses on time and attendance reporting and the payroll transaction processing function within the Ohio Department of Education (ODE). Payroll checks are processed by the Department of Administrative Services (DAS) and printed by the Auditor of State.

Organizational Chart and Staffing

Chart 6-4: ODE Payroll Personnel



Source: Ohio Department of Education Table of Organization

Organization Function

Each associate superintendent is responsible for the operation of the offices within their respective center. A payroll coordinator in each office processes the office's time and attendance in the payroll sub-system.

The operation of the ODE Office of Human Resources (HR) is the responsibility of the human resource director who reports directly to the assistant superintendent of internal operations and risk management. HR records payroll deductions such as tax withholding, savings bonds, legal attachments and garnishments and verifies time and attendance data prior to submission to DAS. The human resource manager administers the payroll function and is responsible for evaluating and planning necessary revisions to the process.

Summary of Operations

The time and attendance recording process is called "payroll by exception," meaning that it is assumed that within a two-week pay period, an employee will work 80 hours unless otherwise specified. As a result, leave requests must be entered into the payroll sub-system. Approved leave request forms are forwarded to the payroll coordinator of each office who manually records the leave hours and type of leave on a bi-weekly/daily attendance report and forwards the forms to HR. At the end of the pay period, when the leave requests have been entered in the system, the coordinator prints a bi-weekly/daily attendance report from the system and reconciles it to the manual report. The system report shows the hours worked and leave hours taken each day by each employee and summarizes each employees' leave hours. The computer printout is approved by the office director and forwarded to HR personnel who reconcile the report to the leave request forms.

The offices are required to complete time and attendance processing by Monday at noon following the end of the pay period. On Tuesday evening, the Information Technology Office (ITO) creates a magnetic tape with the time and attendance data that is electronically transmitted to DAS. DAS runs a process to integrate the time and attendance data into the DAS payroll system. On Wednesday morning, DAS prints a payroll disbursement journal that shows the details of each employee's payroll. At this time, DAS also runs an error report that can be viewed on-line by both DAS and ODE. System controls will not allow the user to proceed if invalid data is entered into a field. The HR staff has until Thursday evening to make changes or adjustments to payroll data in Customer Information Control System (CICS), at which time DAS shuts down all access to the system. On Friday, DAS runs another error report and, when all errors have been corrected, creates a check file.

The remainder of the payroll check processing is as follows:

- DAS prints earnings statements for all employees;
- The check file is sent to the Office of Budget and Management (OBM);
- A voucher recapitulation form (summary of all payroll expenditures by source) is created and signed by OBM;
- OBM signs a certification form verifying that the payroll balances, and attaches it to the voucher recapitulation;
- The voucher recapitulation and certification forms are sent to the Auditor of State's (AOS) office;
- AOS staff print the checks and send the electronic funds transfer (EFT) file to the bank;
- Checks are delivered to ODE for distribution; and
- DAS sends a payroll journal to ODE on microfiche.

HR initiates the process to set up a new employee in the payroll system and to delete a separated employee. To set up a new employee, HR completes a personnel action (PA) form and enters the data directly into CICS, creating a position control file. The PA is sent to DAS for approval. When DAS approves the position control file in CICS, a payroll file is automatically created for the employee. To remove a separated employee, HR completes a PA form and sends it to DAS for on-line approval. The on-line approval inactivates the payroll file. HR reviews the payroll journal to verify that separated employees are removed from the payroll file. ITO is responsible for inactivating the employee in the time and attendance payroll sub-system.

Performance Measures

The following is a list of performance measures that were used to conduct the review of the payroll system at ODE:

- Assessment of the capabilities of the current payroll system;
- Assessment of the effectiveness and efficiency of the time and attendance reporting;
- Assessment of the internal controls in the current payroll system; and
- Assessment of the payroll system interfaces.

Findings/Commendations/Recommendations

F6.45 The payroll sub-system does not have a control to prevent the center payroll coordinators from making changes to time and attendance data after it has been printed, approved by the director and reviewed by HR personnel. The HR specialist compares the report data against the leave requests, not the system, to verify accuracy. On Tuesday night, ITO creates an electronic tape from the payroll sub-system to transmit the data to DAS. There is a day and a half time lag between when the reports are due to HR and the time that the electronic tape is created. During this time, the coordinators have access to the system and are able to make changes. Since HR does not review the system data, this could result in inaccurate data being transmitted to DAS.

R6.28 ODE should incorporate controls to deny access to the coordinators after the time and attendance has been completed. Any necessary changes after this time should be done centrally in HR. The enhanced controls should guard against unauthorized changes to the time and attendance data.

F6.46 Each office payroll coordinator is responsible for processing the time and attendance payroll data and submitting it to HR. The time and attendance reporting must be completed by Monday at noon following the end of the pay period. The coordinator is responsible for ensuring that all leave requests for the office employees are entered accurately. All leave request forms must be signed by the employee and approved by a director at a higher level than the employee. The payroll coordinator records the leave request data on a manual attendance record and forwards the leave request forms to HR prior to entering the information into the payroll sub-system. Use of the manual attendance record may cause additional data entry errors and is not necessary to the payroll process.

At the end of the pay period, when all of the leave request forms have been entered in the payroll sub-system, the coordinator prints an attendance record from the system and verifies the printed report against the manual report. Any discrepancies are researched by referring to the original leave request forms, which normally requires the coordinator to retrieve the form(s) from HR, or by contacting the employee. When all errors are corrected, the director or fiscal officer reviews and approves the time and attendance by signing the report. The report and any remaining leave requests are sent to HR for review. ITO sends the system data to DAS electronically for payroll processing.

R6.29 ODE should consider eliminating the manual leave recording step from the payroll process. All leave request forms should be maintained by the coordinator until the time and attendance process is complete. The system report should be reconciled to the actual leave request forms. Eliminating the manual step should streamline the time and attendance process and make the monitoring of discrepancies more efficient.

F6.47 The payroll sub-system does not allow ODE employees to allocate their hours worked each pay period to specific projects or programs. Payroll expenditures are allocated to funds based upon the information that is on the position control file in the DAS payroll system. When a position is posted at ODE, a form must be completed and submitted to human resources. On this form, Department Accounts (DA) must verify the account coding information for the position's payroll expenditures. If the individual's time is to be split between multiple funds, the percentages must be indicated. Human resource personnel input this information into a position control file in the DAS payroll system. If there are changes to the fund distribution for payroll expenditures, the payroll file must be updated.

R6.30 ODE should implement an internal payroll system that allows employees to allocate the hours worked each pay period to the appropriate programs and to process leave requests. Additionally, the new system should have the capabilities to allow ODE to implement the recommendations in **R6.28** and **R6.29**. The current method for allocating payroll expenditures does not allow for accurate and up-to-date allocation of payroll expenditures and limits the accuracy of the grants accounting process. Having the ability to allocate payroll expenditures on a pay period by pay period basis will ensure that accurate payroll expenditure amounts are charged to each program. Development of this type of system will enhance the budgeting and accounting process and will be consistent with ODE's goal of achieving a program based budgeting format. It will place greater accountability on employees to monitor time spent on each program. The following discusses options for ODE's enhancement of the payroll system.

Option A:

ODE could enhance its current payroll system to provide the additional functions. Possible enhancements to increase the automation and efficiency of the payroll system include the following items:

- A paperless system;
- System security by password protection;
- Menu selections and screen options that guide users through the process;
- Error reporting;
- System alerts for unacceptable data;
- Burden of responsibility on each individual employee;
- Work time assigned to projects; and
- Easily accessible payroll information.

Option B:

ODE could modify the on-line CICS system used by the Auditor of State (AOS). The AOS system provides all of the functionality described in *Option A*. Upon examining the AOS system, the former HR Director felt that the ODE technology staff could implement this system in-house inexpensively. However, the cost to implement the AOS system is not known at this time.

Option C:

ODE could implement an on-line time and attendance system, such as WorkTech Time, a time and attendance software application created by Work Technology Corporation. WorkTech Time includes the functionality in *Option A* and also minimizes repeated data entry, allows a customized design that speeds data entry at the employee level, and interfaces with HR/payroll systems to automatically transfer time and attendance to billing, HR, payroll, and work management systems once data is approved by a supervisor. It also supports most client-server databases including Oracle.

Financial Implications: WorkTech Time costs approximately \$93,500 for 600 user licenses, implementation and training. To ensure that ODE receives the maximum benefit related to such a system, ODE should investigate other alternative software packages to compare prices and capabilities.

Option D:

ODE could also use the time and attendance function of the Oracle HR module. The HR module was originally purchased for ODE and Ohio SchoolNet. Originally Ohio SchoolNet was going to pilot the project for both areas, but Ohio SchoolNet is now a separate entity. ODE needs to determine where this would fit into its priority project list. Additionally, if implementation is pursued, it would require the contracting of supplemental consulting services.

The State of Ohio is in the process of receiving responses to a request for proposal for a new HR/payroll system. However, it will be three to five years before the software is selected and at least five years before it is implemented. *Option A* or *Option B* may provide the most cost effective alternatives in the short term until the State has made a selection.

E. Procurement

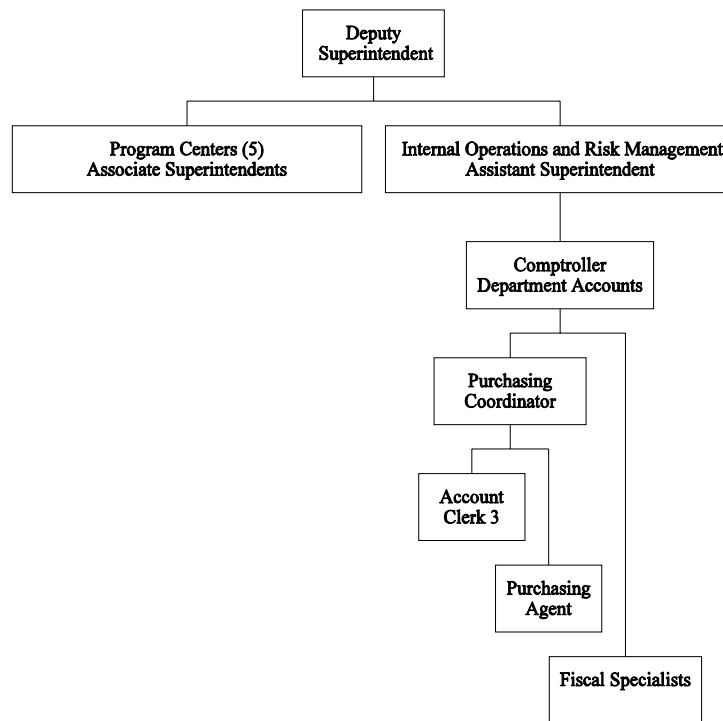
Background

This sub-section focuses on the procurement practices of the Ohio Department of Education.

Organization and Staffing

The organizational chart below depicts the reporting relationships for the positions which have responsibility for the procurement and supplier payment functions. Additionally, ODE has adopted a combination of centralized and decentralized approaches to procurement which require other personnel, such as office directors and staff, to be involved in the process.

Chart 6-5: ODE Procurement Personnel



Source: Ohio Department of Education Table of Organization

Organization Function

The operation and oversight of the ODE procurement process is the responsibility of the comptroller who reports directly to the assistant superintendent of internal operations and risk management. ODE's procurement function is primarily decentralized with all procurement decisions being made at the office (or program) level. The purchasing unit within Department Accounts (DA) reviews purchase requisitions to ensure that procurement policies and procedures of both ODE and the Department of Administrative Services (DAS) have been followed and processes the purchase requisitions and purchase orders. Additionally, the unit maintains purchase order and personal service contract files and logs, and provides additional assistance to the offices as needed.

The functions performed by the purchasing coordinator include the following:

- Overseeing the day-to-day operations of the purchasing unit;
- Ensuring adherence to all state requirements for procurement;
- Administering the payment card program;
- Approving purchase orders; and
- Handling supplier contacts related to procurement issues.

The purchasing coordinator and the purchasing agent share the following responsibilities:

- Processing and entering purchase orders into the Central Accounting System (CAS);
- Printing and mailing purchase orders;
- Maintaining files such as state and personal service contracts; and
- Maintaining the tracking system for purchase orders.

The account clerk 3 has the responsibility for entering all W-9 information into CAS.

The functions performed by various individuals within the program offices include:

- Identifying and selecting sources of goods and services;
- Obtaining supplier quotes for proposed purchases of goods and services;
- Preparing purchase requisitions;
- Coding the purchases on the requisition to the correct general ledger funds and accounts;
- Receiving, inspecting and storing supplies and materials delivered to the department; and
- Authorizing payment for goods and services received.

Summary of Operations

Office personnel obtain bids, select suppliers and prepare purchase requisitions (requisitions). Purchasing administrators within program offices prepare requisitions which are approved by the office director, assistant director, associate director or fiscal officer. The office forwards requisitions and supporting documentation to DA. The DA account clerks/fiscal specialists review requisitions to verify account coding, math accuracy and availability of funds. Requisitions are forwarded to the purchasing unit where they are reviewed, assigned a PO number, and entered into CAS. To maintain some control over the procurement process, purchasing unit personnel track all purchase orders on a spreadsheet. The day following data entry, the purchase order is printed from CAS and mailed to the vendor. The total processing time is normally 10 days, or 15 days for a contract. ODE does not maintain a central warehouse operation so each office receives and inspects the goods delivered.

ODE follows DAS guidelines for procuring goods and services. Additionally, ODE has adopted formal policies regarding the procurement process that are outlined in ODE's accounting guide. ODE uses the following methods of procurement:

- State term schedule or contracts;
- Request for proposal (RFP)- competitive evaluation process used to acquire complex information technology systems, program support and various other types of services;
- Direct spending authority - Purchasing within a specific dollar limit directly from suppliers that are not on the state term schedule or contract;
- State of Ohio payment card; and
- Bids.

DAS is responsible for the state procurement system management and oversight, procurement consulting and instruction, and maintenance of the state term schedule and state term contracts. The state term schedule is a list of suppliers and prices that have been approved by DAS, and from which all state agencies may make purchases.

Table 6-7 outlines ODE's procedures for initiating purchases from suppliers that are not on the state term schedule. These actions only apply when the item or service being purchased is not computer equipment, software, telecommunications equipment or consultant services.

Table 6-7: Purchasing Outside the State Term Schedule and DAS Bid Process

Amount of Purchase	Action to be Taken
\$500 and under	Prepare a direct purchase order (COM) ¹
\$500>\$1,000	Prepare a requisition, no quotes required
\$1,000>\$50,000	Obtain three quotes and provide explanation for why state term supplier may not be used
>\$50,000 per supplier, per fiscal year	Controlling board approval or select a new supplier. The \$50,000 limit is per the Ohio Revised Code.

Source: Purchasing unit personnel and the ODE Financial and Operation Procedures Manual

¹ COM is a typed purchase order document that the programs complete and send to purchasing for approval and processing.

The State of Ohio requires that any purchase of goods from suppliers not on the state term schedule or contract, costing more than \$29,000, and services costing more than \$58,000, be made through competitive selection with DAS. A release and permit may be issued to ODE by DAS when the dollar amount exceeds these limits and it is not in the best interest of the state for DAS to manage the procurement process (e.g., the item is supplied by a single source or meets specialized needs). Although ODE may receive a release and permit, approval from the State Controlling Board is necessary when all purchases from a single supplier amount to more than \$50,000 in a single fiscal year as outlined in **Table 6-7**. When purchasing from suppliers on the state term schedule, purchase requisitions are always required but no bids are required, regardless of the amount of the purchase.

All purchases of telecommunications and computer equipment require pre-approval from DAS even if the supplier is on the state term schedule. DAS provides the purchasing coordinator with a blanket pre-approval number each fiscal year to be used for individual purchases up to \$25,000. For individual telecommunications purchases over \$25,000 the ITO sends a request to DAS to assign a unique pre-approval number. These purchases must also be approved by ODE's chief information officer (CIO) prior to submitting a requisition.

ODE implemented a payment card program in October 1995. Each major program has at least one person with a payment card. To receive a payment card, the program director must make a request to the payment card administrator. The employee must sign a cardholder agreement, attend a payment card training class hosted by OBM and receive a payment card manual.

Payment card purchases are limited on most cards to \$1,000/day and \$10,000/month. No service or equipment is to be purchased with the payment card without prior approval from the payment card administrator. Authorized payment card purchases include office supplies, publications, airline tickets (on special air cards), and some software and computer equipment (ITO only).

Performance Measures

The following performance measures were used to analyze ODE's procurement functions:

- Adherence to procurement policies and procedures;
- Assessment of current purchasing system;
- Effectiveness of internal controls;
- Evaluation of the payment card program;
- Review of the minority business program; and
- Assessment of the purchase order cycle time.

Findings/Commendations/Recommendations

Personal Service Contracts

F6.48 The contract template contained in ODE's accounting guide does not include one of the provisions from DAS directive 00-10. DAS directs state agencies to include a provision stating that the contractor is an independent contractor and not a state employee for all purposes. The directive also adds that a provision should state that the contractor, "has full opportunity to find other business and has made an investment in its business." The contract should state that, "the contractor will retain sole and absolute discretion in the judgment of the manner and means of carrying out its activities and responsibilities under the contract." ODE's contract template does not require that the contractor specifically attest to this information.

R6.31 ODE should update its contract template to completely reflect the provisions in DAS directive 00-10. It is very important that ODE and the contractor have a clear understanding that the contractor is separate from ODE in every aspect. Since ODE has a high usage of personal service contracts, this should help to guard against possible impropriety or the appearance of impropriety (see **human resources** section for additional information on personal service contracts).

F6.49 ODE's personal service contract policies and procedures are outlined in the accounting guide and include policies regarding the following: the deadline for submitting contracts, supporting documentation to accompany contracts, contract preparation and invoice procedures. Each contract must be submitted to Department Accounts at least 15 days prior to the start date of the contract to ensure adequate time for the contract to be approved and processed. Contracts submitted after the 15 day deadline are to be accompanied by a letter of justification of delay which fully explains the reasons why the deadline was missed. Contracts are to be prepared using the contract template that is in the accounting guide and should specify a start and end date, the work to be done, pay rate and ODE's expectations required to be met prior to payment being disbursed. Contracts are also to be accompanied by a contract checklist. The contract checklist guides the preparer through each step of contract preparation and requires each step to be initialed and signed when completed. Each invoice is to detail the service that was performed, the dates and hours worked and be accompanied by receipts if travel and meals are included. The area receiving the service must verify all information and sign off on the invoice prior to payment.

F6.50 **Table 6-8** shows selected suppliers with contracts in both FY 2000 and 2001 at least one of which was under \$50,000. The contracts were reviewed to verify that personal service contract policies and procedures were followed. Where contract amounts were under

\$50,000 and controlling board approval was not obtained, the FY 2000 contracts were compared to the FY 2001 contracts to verify that the services provided were different and should not have been combined into one contract which would then have required controlling board approval.

Table 6-8: Fiscal Year 2000 and 2001 Multiple Contract Suppliers

Supplier	Fiscal Year	Contract Date	Amount	Purchase Order No.	Service Provided in FY '00 vs. FY 01	Submitted on time	Letter of Justification	Controlling Board Approval	Checklist Provided
#1	FY 2000	4/11/00-6/30/00	\$46,000	94373I	N/A ²	No	No	Yes	no
		7/1/99-6/30/00	\$45,000	94862B	Similar Services to PO 90213B	No	No	Not required	No
	FY 2001	4/11/00-6/30/01	\$77,000	90004L	N/A ²	No	No	Yes	No
		7/1/00-6/30/01	\$49,300	90213B	Similar Services to PO 94862B	No	No	Not required	No
#2	FY 2000	9/16/99-6/1/00	\$49,810	94973L	Different	Yes	N/A	Not required	No
	FY 2001	7/31/00-10/30/00	\$34,000	90038B	Different Service	No	No	Not required	No
		7/1/00-9/1/00	\$15,000	90038S	Different Service	Yes	N/A	Not required	No
#3	FY 2000	8/2/99-6/30/00	\$49,500	94852A	Different Service	Yes	N/A	Not required	No
	FY 2001	10/7/00-6/30/01	\$18,550	90237S	Different Service	No	No	Not required	No
		10/30/00-6/30/01	\$31,000	90256A	Different Services	Yes	N/A	Not required	No
#4	FY 2000	10/22/99/6/30/00	\$9,000	94036Y	Different Services	Yes	N/A	Not required	No
		7/15/99-11/30/99	\$8,000	94920D	Same service for different program yrs	No	No	Not required	No
#4	FY 2001	9/15/00-3/30/01	\$34,000	90189D	Different Services	Yes	N/A	Not required	No
#5	FY 2000	9/1/99-6/30/00	\$45,000	94951Y	Different services	Yes	N/A	Not required	No
		3/1/00-6/30/00	\$100,000	94222F	2-yr contract with PO 90185F	Yes	N/A	Yes	No
#5	FY 2001	7/1/00-6/30/01	\$123,050	90185F	2-yr contract with PO 94222F	Yes	N/A	Yes	No
		1/29/01-6/30/01	\$50,000	90431F	Different Services	Yes	N/A	Yes	No
#6	FY 2000	7/1/99-6/30/00	\$46,500	94796Y	Similar	Yes	N/A	Not required	No

Supplier	Fiscal Year	Contract Date	Amount	Purchase Order No.	Service Provided in FY '00 vs. FY 01	Submitted on time	Letter of Justification	Controlling Board Approval	Checklist Provided
#6	FY 2001	7/1/00-6/30/01	\$49,000	90035F	Similar	No	No	Not required	Yes
#7	FY 2000	7/1/99-6/30/00	\$48,200	94781B	Different	No	No	Yes	No
		4/11/00-6/30/00	\$40,000	94374L	2-yr contract	No	No	Yes	No
#7	FY 2001	7/25/00-6/30/01	\$49,775	90165H	Different	No	N/A	Not required	No

Source: ODE personal Service Contract logs

¹ Contracts should be submitted to Department Accounts at least 15 days prior to the effective date of the contract, otherwise a letter of justification for delay is required.

² This was one contract that was spread over two fiscal years. Controlling board approval was obtained for both purchase orders.

Five out of ten (50 percent) contracts in FY 2000 were not submitted by the fifteen day deadline. Five out of nine (56 percent) contracts in FY 2001 were not submitted by the deadline. No letters of justification of delay were submitted with the contracts. Suppliers #1 and #6 had contracts in both fiscal years for which the service appeared to be similar. This was primarily a result of issues arising in the following year related to the consultants' area of expertise that could not have been anticipated by ODE. In all other instances, controlling board approval was obtained where required. Out of 19 contracts, there was only one contract with a checklist attached. In response to an internal audit conducted in March 2000, DA distributed a memo to the offices reinforcing personal services contract guidelines which include the use of the checklist and contract submission deadlines. Additionally, DA has implemented a document correction notice form to be used to return contracts to offices when all requirements are not met.

R6.32 ODE should enhance processes to provide additional control in the procurement of personal service contracts. ODE should add an item to the checklist to indicate if the supplier provided a service the prior year which led to the current contract. ODE should implement the process of obtaining controlling board approval in circumstances where an extension of a personal service contract is granted or related services are received from the same supplier in the subsequent fiscal year. Additionally, DA should date stamp the contracts when they arrive in the department and all contracts received after the 15 day deadline that do not contain a justification letter should be promptly returned to the user area. Finally, all contracts that do not contain the checklist should be returned to the user area. These processes should be utilized consistently in contract preparations to help ensure completeness and accuracy of the contracts.

F6.51 **Table 6-9** shows, for selected contracts, if invoices were properly documented, supported and approved.

Table 6-9: Contractor Invoice Review

Supplier	Contract Date	Amount	Purchase Order No.	Hours Log	Invoice References Contract	Travel Expense Documentation Provided (i.e. receipts)	Invoices Approved by Office (Program)	Sufficient Details of Work Performed
#1	7/1/99-6/30/00	\$45,000	94862B	No	Yes	Yes	Yes	No
#1	4/11/00-6/30/01	\$46,000	94373I	No	Yes	Yes	Yes	No
#2	9/1/99-6/30/00	\$49,810	94973L	No	Yes	Yes	Yes	No
#3	8/2/99-6/30/00	\$49,500	94852A	No	Yes	Yes	Yes	No
#4	9/28/99-11/15/99	\$49,900	94009H	No	Yes	Yes	Yes	No
#5	12/27/99-6/30/00	\$49,999	94122A	No	Yes	Yes	Yes	Yes
#6	7/1/99-6/30/00	\$49,000	94796A	No	Yes	Yes	Yes	Yes
#7	4/11/00-6/30/01	\$40,000	94374L	No	Yes	Yes	Yes	No
#7	7/1/99-6/30/00	\$48,200	94781B	No	Yes	Yes	Yes	No
#8	10/18/99-6/30/00	\$49,999	94012Y	No	Yes	Yes	Yes	Yes
#9	7/1/99-6/30/00	\$49,000	94792Y	No	Yes	Yes	Yes	No
#10	10/5/99-12/1/99	\$49,900	94008H	No	Yes	Yes	Yes	Yes
#11	1/3/00-6/30/00	\$4,000	94154S	No	Yes	Yes	Yes	Yes
#12	10/15/99-6/1/00	\$2,500	94065D	No	Yes	Yes	Yes	Yes
#13	4/2/00-4/7/00	\$1,345	94237S	No	Yes	Yes	Yes	Yes
#14	4/2/00-4/7/00	\$1,413	94256S	No	Yes	Yes	Yes	Yes
#15	10/15/99-6/30/99	\$3,600	94040M	No	Yes	Yes	Yes	Yes
#16	2/25/00-2/27/00	\$2,400	94163W	No	Yes	Yes	Yes	Yes
#17	2/24/00-2/25/00	\$3,710	94175A	No	Yes	Yes	Yes	No
#18	1/3/00-6/30/00	\$4,000	94133S	No	Yes	Yes	Yes	Yes
#19	11/1/99-11/13/99	\$3,500	94048M	No	Yes	Yes	Yes	Yes
#20	9/20/99-11/1/99	\$5,000	94979B	No	Yes	Yes	Yes	Yes

Source: ODE fiscal year 2000 personal service contract log

Of the 20 invoices reviewed, nine (45 percent) did not provide sufficient detail of work performed. Five of those listed the number of hours by the month but provided no further breakdown. Some invoices were vague as to the work that was done. One contract stated, “for services provided per contract.” However, the contract stated that the invoice should include a description of services rendered. Another invoice listed the first sentence of the

paragraph in the contract that states, “The contractor agrees to provide....,” and then continues with, “as stated in the contract dated...,” but does not indicate what the supplier did to provide the service. Based upon conversations with individuals from the various program areas represented by the contracts in **Table 6-9**, ODE does not have a consistent means for verifying that the time was actually worked when dealing with contracts where there is no deliverable product. For example, supplier #12 provided on-site training and worked closely with the schools but the schools did not verify the hours that were submitted to ODE for payment. The comptroller indicated that offices should maintain an hours log as support for hourly contractors. However, this is not part of the documented procedures. Offices indicated that they do not maintain an hours log.

Program offices have not identified an adequate method to verify work performed when contractors work out of their homes. Program personnel also indicated a need for consistent, documented and communicated policies to handle contracts and invoices and for proper training to understand and adhere to those policies.

R6.33 Invoices submitted by contractors should identify the hours worked, description of services, and the dates that the services were provided. Additionally, ODE should develop a consistent form (or matrix) to be used by offices to support the work being performed by contractors and provide training for offices on personal service contract procurement and payment processes. The form should include information such as dates (at least weekly), hours, duties performed, and a progress report. The form should be signed by an authorized individual in the area in which the supplier is performing the duties. The progress report will be especially useful for suppliers working by the hour and suppliers working out of their homes where there is no one individual that can sign off on the form. For suppliers with a specific deliverable, office personnel should indicate what was reviewed to validate that the service was delivered as specified and their satisfaction with the service. If only one payment is being made at the end of the contract, then this form should be submitted by the supplier at intermittent time frames throughout the contract term. In other instances it could be submitted with the invoices. Offices should maintain this form as evidence of contract completion. Detailed invoices and a documentation form should help to ensure that contract requirements are met.

Meetings and Conferences

F6.52 When processing purchase requisitions for meetings and conferences, bids are not always obtained. The procurement procedures require that ODE obtain three bids when selecting a meeting or conference site. According to the accounting guide, offices should obtain three bids and complete a meeting and conference certification form listing the three bids. If the contract is not awarded to the lowest bidder, an explanation is to be provided. Based upon a review of five conference/meeting room purchase orders initiated by the Office of Career,

Technical and Adult Education and discussions with DA personnel, two were awarded on state term contract and three stated that three bids were obtained but did not include the bid amounts. Of those three, only one provided an explanation of why the meeting location was selected.

R6.34 ODE should ensure that all meeting and conference contract documentation include the bid amounts and an explanation as required. The purchasing unit should review the documentation to ensure that all procedures are followed. If all items are not included, the documents should be returned to the office with a document correction notice (see **F6.50**). This will ensure that meeting services are procured properly.

F6.53 The accounting guide does not indicate procedures for soliciting bids for meeting sites; it only states that three bids are required. Conversations with office personnel in Child Nutrition Services and Career, Technical and Adult Education indicate that the following process is followed when planning a conference or training workshop:

- If there are no hotels on the state term schedule within a 45 mile radius, then the office calls three facilities and obtains bids for the meeting room, guest rooms and food;
- The division personnel select the lowest and best bid and prepare a purchase requisition;
- The division documents the three bids on the certification form and sends the form to Department Accounts with the purchase requisition and supporting documentation (the purpose of meeting, draft agenda, projected attendees); and
- The account clerks review all of the documentation to validate the purchase and ensure that bids were obtained.

R6.35 The accounting guide should be updated to include specific procedures for obtaining and documenting bids and define circumstances in which requests will be returned. The procedures should indicate whether ODE personnel are to obtain written or verbal bids and should require that the bid amounts be submitted to DA with the supporting documentation. Additionally, procedures should include instructions for the purchasing unit staff to review bid amounts and ensure that the lowest bidder was selected. If the lowest bidder was not selected, the procedures should instruct users to provide a sufficient explanation. In the event that the proper procedure has not been followed, the requisition and documentation should be returned to the requestor with a document correction form.

Direct Purchases

F6.54 ODE does not have consistent procedures for soliciting bids for contracts under \$50,000 from suppliers that are not on the state term schedule (direct purchases). DAS encourages, but does not require, that agencies obtain a minimum of three verbal bids. Conversations with the comptroller and various ODE personnel indicate that obtaining bids are part of the purchasing procedures. However, this requirement is not documented in the purchasing policies and procedures manual. As a result, procedures for soliciting bids are inconsistent throughout ODE. There are situations where it may not be prudent for bids to be solicited. For example, the Policy and Research Analysis office secured a contract in the amount of \$5,000 with a national expert in the area of quantitative research to review and critique program analysis methodology. Based upon the criteria that ODE determined, specific expertise was needed. If the contract had been for a longer term and higher dollar amount (over \$20,000), then a bid selection process would have been conducted. Without consistent procedures for making direct purchases, ODE cannot ensure that it is getting the best value and service for its needs.

R6.36 ODE should ensure that consistent procedures are followed for soliciting bids when making direct purchases. This should be accomplished by developing formal procedures for soliciting bids and documenting the procedures in the accounting guide. The documented procedures should then be used as a guideline for evaluating requests for the purchase of goods and services. Additionally, training in this area should be provided to ODE staff. DA should identify a contact person to address specific situations as needed. The procedures should include instructions on how to obtain bids, methods for rating the bids to make the final selection, and the documentation that should be maintained. Offices should be instructed to obtain verbal bids or requests for proposals where prudent, provide documentation of those bids, and provide explanations if no bids were solicited. The purchasing unit should review requisitions prior to processing to ensure the procedure was followed and bids or explanations are sufficient. Developing and implementing formal bid procedures will provide more integrity in ODE's procurement process, ensure that the purchase is the best use of state dollars and ensure that all qualified suppliers have an opportunity to conduct business with ODE.

Payment Card Program

F6.55 In October 1995, ODE established a payment card program to expedite purchasing authority while maintaining control over purchases. Individual payment cards are issued by the purchasing coordinator to authorized employees as determined by the program director. The authorized employee must complete a log of purchases, with appropriate supporting receipts, which must be turned in to the fiscal officer or director for review and approval. The logs also indicate receipt of goods. Upon approval, the logs and receipts are sent to DA for

payment. The payment card is to be used for business expenditures and may not be used for personal or business entertainment. At the time of this review, payment cards were issued to 42 employees throughout ODE.

Each ODE employee with a payment card must attend training, receive a policies and procedures manual and sign a cardholder agreement prior to issuance. OBM oversees the payment card program, administers training, and maintains the policy and procedures manual for the payment card program.

F6.56 Payment card vouchers are processed by various DA personnel. Each account clerk/fiscal specialist has specific programs for which they process all vouchers. Office of Budget and Management (OBM) sends daily e-mail notifications to DA of purchases that are to appear in CAS the following day. The following day, the account clerks/specialists run a CAS report, "VPC (Voucher Payment Card) list by agency, security, cardholder," and identify the accounts which they have the responsibility for processing. Each cardholder is responsible for maintaining a log of purchases and sending the log to DA weekly. When the logs are received, the account clerk/specialist reconciles the log to the CAS report and inputs the payment voucher in CAS.

F6.57 **Table 6-10** shows the aging of outstanding payment card transactions by cardholder as of March 2, 2001.

Table 6-10: Outstanding Payment Card Transactions and Aging

Cardholder	Number of Transactions Outstanding for:				
	61-90 days old	91-180 days old	181-270 days old	270 - 365 days	> 1 year
1	0	0	4	1	1
2	1	3	0	0	0
3	1	4	0	0	0
4	1	3	0	0	0
5	0	4	0	0	0
6	0	2	0	0	0
7	6	0	0	0	0
8	2	0	0	0	0
Total	11	16	4	1	1

Source: CAS "Payment Card Transactions Outstanding" report dated March 2, 2001

The transactions on this report represent payment card purchases for which payment has not been made to Bank of America. A total of 59 (37 percent) transactions were over 30 days old. ODE indicated that transactions remain on this report for several reasons including cardholder logs that have not been received or problems with the goods. Upon reviewing the outstanding payment card transaction report each week, the payment card administrator sends a memo to the fiscal staff members responsible for processing the payments (payer). The payment card administrator is only notified if the cardholder has not submitted the logs to DA, at which time, the coordinator contacts the cardholder. The payer is responsible for resolving all other issues directly with the cardholder. This procedure has been followed in the past because the payment card administrator role has been to ensure the proper use and procedures of the payment card. As long as the cardholder properly uses the card and has submitted logs, the issue is left to the payer.

F6.58 **Table 6-10** shows that there are 33 (21 percent) transactions that are older than 60 days, with 2 of the transactions being 9 months to 1 year old. The comptroller and the fiscal clerks indicated that much of the delay is due to the clerks workload. The processing of payment card invoices are a lower priority than their other fiscal responsibilities. AOS requested research on approximately 17 of the 33 items and, as a result of the review, fiscal clerks were able to pay 9 of the vouchers. The remaining items were primarily log issues that required additional research. The comptroller is considering designating one individual to process all payment card vouchers. In the current structure, each clerk is responsible for processing all vouchers including payment card vouchers, for specific offices.

R6.37 The payment card administrator should receive monthly updates on the status of outstanding transactions. According to OBM, the payment card administrator's responsibilities include ensuring timely payment of payment card vouchers and assuring that prompt payments are being maintained. The administrator should ensure that steps are being taken to resolve outstanding issues. Any issues that are not resolved in a timely manner should be brought to the attention of management. This should increase the efficiency of the payment card program in its current state and as its usage grows.

F6.59 ODE does not utilize all of the CAS payment card reports to their fullest potential. The payment card administrator primarily uses the CAS payment card transactions outstanding report (See **F6.57**). CAS also generates the "Accepted Payment Card Transactions" report which shows each payment that has been processed. It identifies the cardholder, the amount of purchase, and supplier. The payment card administrator maintains the report but does not always review it. When the report is reviewed, there is no specific purpose behind the review. The report can be used as an internal control to identify inappropriate suppliers.

R6.38 The payment card administrator should review the accepted payment card transactions report. The purpose for this review would be to ensure that no inappropriate activity has occurred

or been attempted. This review would also provide additional internal control for the payment card program and would help to support the increased usage of the payment card program.

F6.60 Payment cards may be used for maintenance supplies, office supplies and equipment. Daily purchases are limited to \$1,000 and monthly purchases are limited to \$10,000. **Table 6-11** shows the number of purchase orders processed for individual purchases under \$1,000 for maintenance, office supplies and equipment. The table also indicates the number of those purchases that ODE and OBM have prohibited from being made with the payment card and the potential cost savings if the payment card was used in all possible circumstances. DA does not have a separate budget to track the cost of processing a purchase order. Therefore, potential cost savings was determined by multiplying the number of payment card eligible purchases by \$15 (the cost of processing a purchase order as determined by DAS).

Table 6-11: Fiscal Year 2000 Eligible Payment Card Purchases by Quarter

FY 2000	# of Purchases Under \$1,000	# Excluded by OBM	#Excluded by ODE	# of Payment Card Eligible Purchases	% of payment card Eligible Purchases	Potential Cost Savings
Q1	425	68	15	342	80%	\$5,130
Q2	406	83	12	311	77%	\$4,665
Q3	302	48	7	247	82%	\$3,705
Q4	286	64	21	201	70%	\$3,015
Total	1,419	263	55	1,101	78%	\$16,515

Source: ODE encumbrance report

Note: There may be additional restrictions that are not reflected in this table that would include suppliers that were not approved by OBM for payment card services or situations where the cardholders daily limit was reached. ODE did not have time to perform a complete review of every purchase to identify additional restrictions.

Purchases excluded by ODE include data processing and telecommunications equipment. Additionally, OBM imposes various restrictions on purchases that may be made with the payment card. **Table 6-10** shows that approximately 78% of the total FY 1999-00 purchases under \$1,000 were eligible to be made using the payment card. At a cost \$15 to process each purchase order, this translates to a potential cost savings of \$16,515. According to the comptroller, there is no internal control in place to ensure that ODE takes advantage of all payment card opportunities.

R6.39 ODE should review the payment card program and expand its usage within a controlled environment by encouraging the existing cardholders to use the payment card for all eligible purchases. This could be accomplished by the purchasing unit reviewing purchase orders to

identify additional opportunities to use the payment card, thereby reducing costs incurred in the procurement function. The purchase orders should be returned to the centers and center personnel should be instructed to make the purchase using the payment card. In conjunction with expanding the program it is critical that ODE maintain strict control procedures and ensure accountability of each cardholder by reviewing reports and taking immediate action when procedures are not followed. When fully implemented, the payment card program will reduce paperwork and documentation, simplify and streamline the procurement process, and lower overall transaction costs.

Financial Implication: Although exact savings are not quantifiable, maximizing the use of payment cards for eligible purchases within a controlled environment would result in annual savings of approximately \$16,000 based upon a review of FY 1999-00 transactions.

F6.61 OBM performs annual audits of the payment card logs by selecting a sample of cardholders from each state agency. OBM uses various criteria to determine the frequency and which cards are audited, including: multiple declines, cardholders with past problems, and transactions with unusual object codes. Audits are performed using the following procedures:

- Request the logs, receipts and documentation for a sample of cardholders;
- Reconcile the logs with Bank of America billing statements;
- Ensure no sales tax has been paid;
- Ensure that it is an approved supplier;
- Ensure vouchers are being processed within five business days;
- Verify that there are no inappropriate purchases;
- Verify signature of cardholder and payer;
- Send discrepancies to purchasing coordinator for resolution; and
- Request a refund from the employee if any unauthorized purchases are made.

Table 6-12 shows the number of ODE cards that were audited each month during 1998, 1999, and 2000.

Table 6-12: ODE Monthly Payment Card Audits

Month	1998	1999	2000
January	1	0	0
February	0	0	0
March	5	0	0
April	0	0	5
May	3	0	12
June	3	1	0
July	0	0	14
August	0	0	4
September	0	0	6
October	4	0	7
November	0	0	7
December	0	0	0
Total	16	1	55

Source: OBM

In FY 1998 and FY 1999, ODE accounted for less than 1 percent of the total State of Ohio payment card purchases. During 1999, OBM converted to the current payment card agent and was able to perform audits for only four months out of the year. The conversion was an extensive task requiring all OBM resources. Because ODE's payment card volume is minimal in comparison to other State agencies, only one card was selected. In the audit for the month of April 2000, one cardholder did not have invoices attached to the log for 5 out of 6 purchases. During the audit of the May 2000 payment card purchases, OBM identified four cardholders with payments outstanding over 30 days. Additionally, OBM identified approximately 35 invoices that were not paid in a timely manner (within five days of being recorded in CAS). See **F6.58** and **R6.37** regarding the timely processing of payments.

F6.62 The Office of Internal Audit has not included a review of the payment card program in its schedule of audits. ODE relies upon the reconciliations performed by the DA staff paying the invoices and the random audits performed by OBM. However, this may represent a lack of internal control which may prevent errors or control issues from being identified and corrected.

R6.40 ODE should include a review of the payment card program as part of the internal audit schedule. At a minimum, an individual whom is separate from the operations of the payment card program should review the program and ensure that all levels of control are being exercised. According to OBM payment card policies and guidelines, internal control plans should include periodic internal audits of the program. This procedure will help to identify control issues that need to be addressed. Additionally, the procedure will enhance internal control as it encourages the increased usage of the existing payment cards (See R6.38).

Minority Business Enterprise Program

F6.63 The Ohio Minority Business Enterprise (MBE) program was established in 1980 pursuant to HB 584. According to Ohio Revised Code (ORC) 125.08, state agencies should annually set aside approximately 15 percent of total purchases for supplies and services for bidding only by MBE's certified by DAS. The program is monitored by the equal employment opportunity division (EOD) of DAS. Agencies are required to submit an MBE set aside projection plan by the end of each fiscal year for the upcoming year, indicating how much of its expected discretionary purchases the agency plans to set aside for MBEs. EOD compiles data from CAS and produces and distributes quarterly MBE expenditure analysis reports. **Table 6-13** shows how ODE has performed in the program during FY 1999 - 2001 through the second quarter.

Table 6-13: ODE's MBE Program Performance History

Period Covered	Total Eligible Expenditures	Total MBE Expenditures	Total MBE Percent
Fiscal year 1999	\$27,304,335	\$2,739,793	10.0%
Fiscal year 2000	\$37,996,905	\$2,413,974	6.4%
1 st Quarter FY 2001	\$18,539,682	\$699,200	3.8%
2 nd Quarter FY 2001 to date	\$18,997,527	\$1,520,169	8.0%

Source: Department of Administrative Services - Equal Opportunity Division agency minority business expenditure analysis report.

ODE fell short of the 15 percent goal in fiscal year 1999. In fiscal year 2000, ODE fell significantly short of the goal and does not appear to be in a position to meet the goal in fiscal year 2001. According to DAS, ODE ranks relatively low compared to other state agencies, with an overall MBE participation rate on all purchases of 5.5 percent. The comptroller recognizes the need to be more proactive in the MBE program by identifying more MBE suppliers that can meet the agency's needs, and disseminating that information to program staff.

F6.64 ODE does not have a means of tracking MBE activity at the office level. In the past, there have been no reports available in the financial system to separate the eligible and actual MBE expenditures by office. As documents are entered into CAS, the MBE supplier information is captured by tax identification number. According to the comptroller, consultants are writing reports in Oracle to provide MBE reports by office. Oracle has the capability of tracking all expenditures by office. Therefore, the consultants should be able to easily add a field indicating an MBE expenditure.

R6.41 ODE should be more proactive in its approach to the MBE program. This should include identifying more MBE suppliers that can meet its goals and monitoring MBE expenditures on a monthly basis to ensure that MBE set aside goals are being met. The Oracle report should be used to monitor MBE activity at the office level to determine areas that are not making full use of MBE suppliers. The MBE coordinator should then work with those offices to assist in identifying qualified suppliers. Monthly monitoring will allow ODE to make adjustments to its expenditures as necessary. In the event that ODE falls short of its projections or more dollars are spent in object codes for which no set asides have been made, ODE can utilize the report to adjust its projections and make additional MBE purchases in other areas where available. If an adequate adjustment cannot be made, ODE should document the reasons it was unable to meet the goal. Tracking at the office level can also add more accountability on the office staff. This is especially important since the procurement function is primarily decentralized with each office making its own procurement decisions.

F6.65 ODE hired a new fiscal employee in March 2001, who will be responsible for coordinating and overseeing the MBE program, among other functions. Additionally, a plan has been developed for initial and ongoing quarterly training of ODE staff on fiscal activities. The training plan incorporates procurement items such as MBE requirements, ODE policies and procedures and procurement card purchases.

Electronic Purchasing

F6.66 ODE has not explored the opportunities of the state's electronic purchasing program (E-buy). E-buy allows the purchaser to locate items on-line, start the order through the approval process and generate an electronic purchase order. ODE has not considered E-buy because it was just developed a couple of years ago and since that time, the majority of ODE's resources have been dedicated to the conversion to the Oracle financial software package. The comptroller indicated that this is another area that the new fiscal employee will explore.

R6.42 ODE should consider incorporating E-buy into its procurement process. Personnel involved in the procurement process should receive appropriate training on the use the internet and E-buy for procurement needs. E-buy will help streamline the procurement process.

Procurement Management

F6.67 Procurement at ODE is a manual process. Purchases are initiated at the office or department level by completing a typed or handwritten purchase requisition. The requisition is approved by the division director and sent or hand delivered to DA. Account clerks verify the coding and math accuracy. Additionally, DA staff review Oracle to verify that funds are available to make the requested purchase. When the account clerks have approved the purchase requisition, purchasing unit personnel enter the purchase requisition into CAS to create the purchase order. The purchasing coordinator or clerk writes the purchase order number on the purchase requisition and distributes a copy to the requester, account clerk/fiscal specialist and the purchasing unit files.

Processing purchase requisitions in this manner relies on manual controls, can be more time consuming, and leaves room for more errors, as all fund lines must be manually entered and the physical documents must be passed from one point to the next. According to ODE personnel, the purchasing module was purchased as part of the Oracle financial package; however, there are no plans in the near future to use its functionality. The purchasing module cost \$7,500 plus \$1,800 for annual maintenance and support. The CIO indicated that he would like to begin using the requisition function for IT purchases as a test for ODE but he does not know when that may take place.

R6.43 ODE should use Oracle's purchasing module to submit purchase requisitions electronically. The availability of funds can be verified automatically when the requisition is entered. The workflow process within Oracle allows for on-line review and approval once the requisitions are submitted. Purchasing unit personnel can then print the approved purchase requisitions and enter them into CAS to process the purchase orders. The use of electronic purchase requisitions should lead to time savings for ODE employees involved in the procurement process, more thorough and automatic controls, and fewer errors. Implementing the purchasing module will allow ODE to make more effective use of its existing resources, streamline internal procurement procedures and realize the benefits of the expense incurred for the purchasing module.

F6.68 Job descriptions for the purchasing unit are outdated. The purchasing coordinator job description was last updated in October 1984 and does not include her functions as the payment card administrator and as liaison between State Purchasing and ODE. The purchasing agent job description was updated in October 1998 when the position was last posted. The purchasing agent job description references HB 300 which is a law from 1986 that is now addressed in ORC 3517.13. Additionally, there are requirements on the purchasing agent job description that are not included on the purchasing coordinator job description such as knowledge of Buy Ohio, Minority Business Enterprise (MBE),

procurement regulations and CAS. However, the purchasing coordinator must also possess this knowledge.

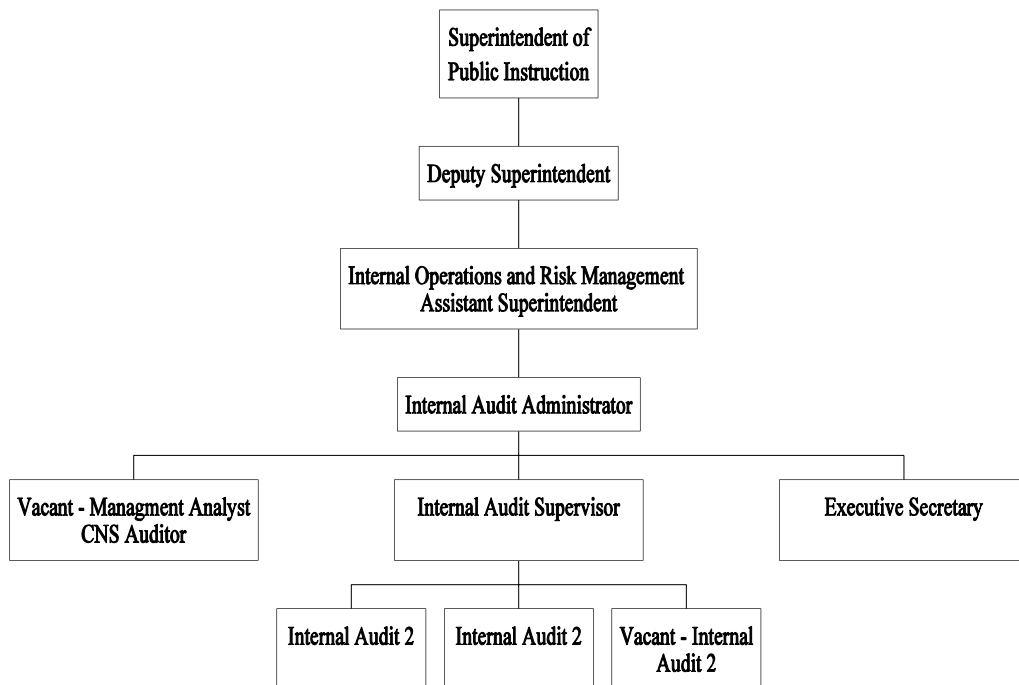
R6.44 ODE should update and reissue position descriptions for the purchasing unit. The position descriptions should be reviewed annually during the appraisal process to ensure that they are current and reflect what is actually occurring in the positions. (See the **human resources** section for more information on job descriptions.)

F. Internal Audit

Background

The internal audit sub-section focuses on the operation of the Office of Internal Audit (OIA) within the Ohio Department of Education (ODE).

Chart 6-6: Office of Internal Audit Organizational Chart



Source: Office of Internal Audit

Organization Function

The Superintendent of Public Instruction and Deputy Superintendent provide input in developing audit priorities and projects. The Superintendent of Public Instruction, Deputy Superintendent and Assistant Superintendent for Internal Operations and Risk Management review internal audit reports. The Internal Audit Administrator reports directly to the Assistant Superintendent for Internal Operations and Risk Management. Primary responsibilities of the Internal Audit Administrator include the following:

- Participates in the development of internal audit priorities;
- Defines the scope of work and staff requirements for the internal audit function and Internal Accounting Control Program (IACP);
- Reviews and submits improvement plans (IP) to the Superintendent of Public Instruction;
- Plans, directs, develops, coordinates and conducts internal audits;
- Works on special assignments pertaining to ODE operations;
- Supervises any staff determined to be necessary for the internal audit function and the (IACP); and
- Identifies tasks, time lines and risk factors for the audit schedule.

The Internal Audit Supervisor reports to the Internal Audit Administrator and supervises internal audit field staff. Additional responsibilities of the Internal Audit Supervisor include the following:

- Assists administrators and school officials in establishing the IACP review plans and functions;
- Assists in and/or plans, implements and directs internal audit research activities that include long range planning, annual plans, policies and procedures;
- Reviews internal controls and audit reports and makes recommendations;
- Serves as a liaison with other agencies; and
- Directs the correction of audit findings identified in research activities.

The Management Analyst - Child Nutrition Services (CNS) Auditor will report to the Internal Audit Administrator. A job description has not been finalized for this position, but the Internal Audit Administrator indicated that the person hired for the Management Analyst - CNS Auditor will be responsible primarily for sub-recipient reviews for the Child and Adult Care Food programs. This position will only perform audits related to these programs.

The Internal Auditor 2 positions report to the Internal Audit Supervisor. Primary responsibilities of the Internal Audit 2 positions include the following:

- Conduct internal audits that may encompass an analysis of programs, finances, compliance, operations, or special projects;
- Prepare preliminary and/or comprehensive audit guidelines to include time line, scope, goals and objectives;
- Determine types of tests and procedures necessary to perform the audit;
- Review and analyze records, operations, organization, systems and controls and interview appropriate parties involved in program, unit, or function being audited; and
- Assist in the review of improvement plans and the implementation of the IACP.

The Executive Secretary reports to the Internal Audit Administrator for approximately 50 percent of her time. Primary responsibilities of the Executive Secretary include the following:

- Producing computer generated documents and other correspondence;
- Handling telephone calls and is the preliminary contact with the general public;
- Performing clerical duties such as payroll reporting functions for the unit, maintaining files, and photocopying; and
- Performing limited research on the Ohio Revised Code, the Ohio Administrative Code, and federal regulations needed by the internal auditors.

Summary of Operations

The OIA charter states that its mission is “to add value to ODE by performing audits of internal operations and external entities, or sub-recipients, as specified by ODE management.” Primary OIA activities include developing the audit schedule, coordinating the IACP, and conducting internal audits.

The internal audit schedule is based on risk factors that include the following: fiscal year budgeted amount, complexity of regulations and/or funding concerns, changes in key staff, changes in regulations, management concerns, whether the program has been audited in the past two years, the results of the IACP, prior internal audits and other external audits. In addition, the internal audit schedule identifies the scope of the audit, special considerations, projected budgeted hours, projected beginning and ending dates of the project and the staff auditor who will have responsibility for performing the audit.

An Executive Order issued by the Governor established the IACP. The Internal Audit Administrator coordinates the program, identifies offices to be reviewed, identifies the review approach, identifies the time schedule for completing the process, develops the review tools, provides training to all office contacts, provides technical assistance, and serves as a liaison between ODE and the Office

of Budget and Management (OBM). The IACP is not a substitute for an independent review. Rather it is a self-assessment tool used to identify and addresses operational weaknesses.

Improvement plans (IP) specify corrective actions to be taken. They contain a description of material weaknesses, cause of condition, recommendation for improvement or correction, costs of weaknesses, costs and benefits of further action, materiality of weaknesses, and reasons why the weaknesses cannot be improved or corrected. IP's are reviewed by the Internal Audit Administrator, Associate Superintendents, Superintendent of Public Instruction, and the Office of Budget and Management. OBM reviews all improvement plans and compiles a report for the Governor.

Additional audits conducted by the OIA staff include program audits, financial record audits and special project audits. OIA adheres to Institute of Internal Auditor (IIA) Standards for all internal audits performed. See **F6.76** for description of audit work completed from October 1999 through September 2000.

Performance Measures

The following is a list of performance measures that were used to review OIA:

- Evaluation of the organization structure;
- Assessment of audit plans; and
- Assessment of the adequacy of staffing levels.

Findings/Recommendations/Commendations

F6.69 Of the five states surveyed (Connecticut, North Carolina, Missouri, Florida, and Texas), only Texas and Connecticut education departments have an internal audit office. **Table 6-14** compares staffing, priorities, reports, and program evaluation roles for the Connecticut and Texas Internal Auditing Offices compared to ODE's Office of Internal Audit.

Table 6-14: Comparison of Internal Audit Offices

	ODE	Texas	Connecticut
Staffing Levels	One administrator, one supervisor, two staff, one secretary	One director, three staff	One manager, six staff, one secretary
Priorities	Audit appropriation line items not covered by the State's single audit; based on risk assessment (See F6.71 , F6.72 , F6.76 , R6.47 and R6.50)	Based on annual risk assessment	Audit and review major grant programs (school construction and Education Cost Sharing (ESC) grants similar to school foundation formula grants in Ohio)
Reports	All audits are performed and reports written according to Institute of Internal Audit standards. Executive summaries and annual bulletins are also produced. (See F6.73 , R6.47 , R6.48 and R6.49)	Audit objectives may assess auditee performance in five possible areas: accomplishment of goals and objectives, compliance, economy and efficiency; reliability and integrity, and safeguarding of assets.	Internal audit produces internal and external reports based on <u>yellow book standards</u> . Office also mails bulletin to Connecticut Department of Education offices that explains any federal and state regulations
Program Evaluation Role	OIA reviews internal controls, program compliance with state and federal regulations, and coordinates the IACP.	Internal audit reviews program grants administration but does not perform on-site monitoring.	Review of programs to ensure they are in compliance with federal and state regulations

Source: ODE Office of Internal Audit, Texas Education Agency, Connecticut Department of Education

F6.70 The OIA's current organizational structure may compromise the independence of the internal audit function. The IIA Standards for the Professional Practice of Internal Auditing indicate that the organizational status of an internal audit function should be sufficient to permit the accomplishment of its audit responsibilities. Internal auditors should be independent in conducting their internal audit responsibilities. Independence results when the internal audit function is free from direction or constraint by the managers of an organization. The internal audit function should also be responsible to an individual in the organization with sufficient authority to promote independence and to ensure broad audit coverage, adequate

consideration of audit reports and appropriate action on audit objectives. The independence of the internal audit function may be compromised when auditing another area that reports directly to the Assistant Superintendent of Internal Operations and Risk Management such as Department Accounts.

R6.45 The organizational structure of the internal audit function should be changed to one of the following options to give the function the independence that is required to ensure the objectivity and integrity of the audits conducted. Option A would provide the greatest opportunity for independence.

Option A:

The State Board of Education should establish an audit committee and OIA should report to the committee. Some options for membership on the audit committee include one or more representatives from the State Board of Education, a representative from OBM, and public and private sector representatives with an understanding of business, education and audit operations. The audit committee responsibilities should include:

- Overseeing the work of the internal audit administrator;
- Approving the annual audit plan and the resources needed to complete it;
- Reviewing all audit reports and monitoring of recommendation progress; and
- Communicating with the State Board of Education.

Option B:

OIA should report directly to the Superintendent of Public Instruction. The State Board of Education should also establish an audit committee as outlined in Option A.

F6.71 Internal audit priorities help office staff focus resources on projects that are aligned with the internal audit charter and strategic plan of ODE. The priorities are set by the Internal Audit Administrator each year through an internal audit schedule that is developed primarily based upon the following:

- Complexity of changing regulations or funding formulas;
- Risk assessment;
- Changes in regulations;
- Staffing changes;
- Management concerns;
- Prior internal audits;
- External audits; and
- IACP reviews.

F6.72 The risk assessment process is completed annually in conjunction with the IACP and during the planning phase of each audit. The risk assessment checklist is more general than the IACP checklists with the same checklist being used for all areas. Scores that identify the level of risk exposure are assigned to each response to questions in six areas: 1) Policies and procedures, 2) personnel, 3) state and federal requirements, 4) financial reporting, 5) systems review and, 6) computer. The process can be used to develop a rotation audit schedule that considers all areas that should be reviewed and the frequency with which each area should be reviewed.

R6.46 In addition to an annual audit plan, OIA should establish an audit scheduling process which identifies specific detailed audit areas annually and which defines, in more general terms, the frequency of audits in year two and beyond. This internal audit process should incorporate findings and recommendations from prior audits and include a risk assessment methodology. The audit committee should review the status of the annual audit schedule at each audit committee meeting. Any long-term plan should be reviewed annually against the risk assessment and other factors. Updates should be incorporated to reflect staffing changes, changing regulations and other key factors. (See **F6.71**).

F6.73 The internal audit reviews are conducted based on Institute of Internal Auditors (IIA) criteria. According to IIA, the scope of work of internal audits should encompass an evaluation of the following:

- Reliability of financial records;
- Adequacy of procedures to safeguard assets of ODE;
- Compliance with state and regulatory requirements;
- Compliance with ODE policies and procedures; and
- Effectiveness and efficiency of ODE operations.

A review of the Vocational Education Enhancements, Safe and Drug Free Schools and inventory audit programs and reports indicates that they incorporated audit steps to examine compliance, revenues and expenditures, and transaction cycles. The audit programs also specified a review of procedures to acquire, expend, monitor and report on funding; a review of procedures to monitor sub recipients; and a review to verify allowable activities and costs. However, there was little evidence that OIA was reviewing the economy and efficiency of operations.

R6.47 OIA should ensure that it conducts reviews of economy and efficiency. The reviews should include using criteria that can identifies productivity and industry standards against which to assess ODE's operations. ODE should be compared to the standards to identify if resources are being optimized and identify areas where methods need to be improved and where duplication of efforts exist.

F6.74 Reports prepared by OIA include the following: formal audit reports, executive summaries, and annual IACP certification. The audit reports are submitted to the center Associate Superintendent and Director of the office being reviewed as well as the State Superintendent, Deputy Superintendent, and the Assistant Superintendent of Risk Management and Internal Operations. However, the State Board of Education does not receive copies of the reports. Internal audit staff have completed reviews and issued reports in the following areas:

- Federal programs;
- State funded programs;
- Personal service contracts;
- Revenue transaction cycles;
- Employee separations;
- The inventory transaction cycle; and
- Other special projects.

Upon completion of each audit, the auditee prepares an improvement plan (IP) addressing each identified weakness and recommendation. OIA reviews the IP for reasonableness and logs into an internal audit database for tracking. OIA follows up on the IPs during the next audit or at least annually by assessing what has been implemented to address the recommendations.

R6.48 The State Board of Education should receive completed audit reports, or at a minimum, the executive summaries. The State Board is ultimately responsible for ODE's operations and internal audits are a method of identifying control weaknesses that exist within ODE. Therefore, the State Board should ensure that adequate consideration is given to the issues identified and the recommendations. See **F 6.77** and **R 6.45** for additional information on the preferred role of the State Board of Education.

F6.75 **Table 6-15** presents the staffing information by position for OIA at ODE. As of November 2000, internal audit had six and one-half full time equivalent (FTE) budgeted positions with two vacancies.

Table 6-15: ODE Office of Internal Audit Staffing

Position/Responsibility	Number of Staff (FTE)	Number of Vacancies
Internal Audit Administrator	1	0
Internal Audit Supervisor	1	0
Management Analyst - CNS Auditor	1	1
Internal Audit 2	3	1
Executive Secretary	.5	0
Total	6.5	2

Source: Internal Audit Administrator and Internal Audits/Risk Management Organizational Chart

OIA employees report to the Internal Audit Administrator who reports directly to the Assistant Superintendent of Internal Operations and Risk Management. The Internal Audit Administrator identifies the audit schedule and the staff auditors who will have the responsibility for a particular audit.

F6.76 From October 1999 to September 2000, 11 of the 13 scheduled audits were completed, two of which were operational areas. Additionally, nine special projects and other functions were performed including the IACP coordination and training. As of this date, all open audits have been completed. However, ODE has 95 appropriation line items with a total funding of approximately \$8 billion in FY 2001. Only 8 (\$914,000,000) of these appropriation line items are audited by AOS during the annual single audit and only 9 (\$145,000,000) have been audited by OIA as of November 2000.

From the inception of OIA until October 1999, the office consisted of only the internal audit administrator who concentrated on the IACP. The strategic plan now states that the office will perform 16 to 20 audits each year, requiring each staff auditor to perform 8 to 10 reviews. According to the audit schedule for the period from October 1999 through September 2000, the average length of each review is 198 hours. Each auditor conducting 10 reviews requires 1,980 hours of project review time annually. The full-time work schedule consists of 2,080 hours less leave hours. Therefore, there does not appear to be enough FTEs available to perform appropriation line item reviews; conduct operational and special reviews; conduct and attend training; coordinate the IACP; and take scheduled leave time.

R6.49 The goal of internal audit should be to audit 100 percent of ODE's high risk exposure areas on an annual basis and all other areas according to the long-term scheduling process (see **R6.46**). ODE should use the risk assessment and the long-term scheduling process to develop its annual audit schedule. Upon identifying the audits for review, OIA should assign hours to each audit. Staffing levels should then be assessed in relation to the man hours

needed to complete scheduled audits. A recommendation should be made to management to hire additional staff if it is supported by the assessment. As the internal audit function becomes a more integral part of ODE's operations, its focus should shift from primarily internal control issues to more fully incorporate internal audit standards.

F6.77 OIA conducts training programs for ODE employees. The main annual training program for ODE staff address the IACP. The program requires ODE personnel to perform annual self-evaluations of their operations and is aimed at being proactive in addressing system weaknesses. A contact person in each office is required to attend the training.

The self-assessment tool is a transaction checklist that is specifically designed for each area. Each office completes the review and submits a certification letter, work papers and improvement plan (IP) to OIA. The IP's are reviewed by the internal audit supervisor to verify that report weaknesses are adequately addressed, and then they are logged into the OIA IP status database. The information is compiled into a report for the Superintendent's review and approval and forwarded to OBM. OBM reviews the reports and compiles a report for the Governor. Identified weaknesses are tracked by OBM and OIA until all recommendations have been implemented.

Financial Implications Summary

The following table represents a summary of the annual cost savings and implementation costs for the recommendations in this section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Summary of Financial Implications for Financial Operations

Recommendation	Estimated Annual Cost Savings	Estimated Implementation Cost
R6.30 Implement WorkTech Time time and attendance software		\$93,500
R6.39 Increase use of payment cards for eligible purchases.	\$16,000	
Total	\$16,000	\$93,500

Conclusion Statement

ODE's financial operations are undergoing many changes that will ultimately help to improve agency operations. The outdated Financial Accounting System (FAS) was deactivated on July 1, 2001 and replaced with the Oracle financial system and data warehouse. A phased implementation schedule is being used.

Oracle's operational financial system as configured for ODE includes the general ledger, chart of accounts, accounts payable, and grants management modules. Although the data warehouse is receiving data and training is taking place on its use, ODE needs to increase its training efforts, including the preparation of proper documentation so that all staff know how to download data and create needed management reports.

When Oracle is fully implemented, ODE needs to ensure that a continuous improvement process is implemented and maintained so that all systems are routinely reviewed to further streamline financial processes through consolidation and elimination.

Although the Oracle financial system and data warehouse provide increased access to data to support management decision-making, ODE will not fully benefit from all applications until program-based budgeting, performance measures, and the financial needs of ODE's managers are addressed. Written guidelines for use of the system by all program offices should be tied to the strategic plan.

Grants management is currently decentralized, making the process of applying for funding time consuming for school districts. Centralization of the grants management function at ODE would streamline administration and improve service efficiency and effectiveness. Establishing programs that help school districts learn how to complete the requirements of various programs are needed. Currently, different processes exist for monitoring of state and federal grants. Standardization would help to provide a reasonable basis for ensuring that all pertinent requirements are being followed. This could be accomplished by establishing an electronic application for state grants similar to the one used for federal Title grants.

ODE's payroll management process is cumbersome and does not allow for a timely and accurate allocation of hours worked to a specific program or project. In addition, employees cannot individually process leave requests. ODE has several options available to improve its payroll process including using the time and attendance function of the Oracle human resources module that has already been purchased.

The ODE procurement function is decentralized and could take better advantage of existing state-wide programs. The payment card program needs to be administered more effectively to resolve outstanding payment issues and ensure that cards are being used appropriately. Direct purchases should also be reviewed to determine if a payment card or an existing state contract could be used.

Further, ODE has not explored the opportunities that exist with the state E-buy program. Use of this electronic procurement process would help to streamline the overall process and reduce transaction time and costs. Use of the Oracle purchasing module would also enhance the procurement function.

Personal service contracts are widely used by ODE and require additional internal controls. Policies and procedures in the accounting guide are not adequate for obtaining bids for direct purchases and for meeting and conference contracting. ODE's minority business program also requires enhancement to meet state guidelines including a proactive approach to increase minority participation.

ODE's internal audit function is fairly new and has been concentrating on internal control issues. The office needs to perform a more standards-based internal audit function by moving beyond its current focus on internal controls. The office also needs to be placed appropriately in the organization to allow it to function objectively and independently. An audit committee should be established to assist in setting audit priorities and the audit schedule.

Customer Service

Overview

This section of the report assesses the nature and effectiveness of the Ohio Department of Education's current customer service practices and interactions with stakeholders. First, the analysis identifies various ODE customers and stakeholders and examines customer and stakeholder assessments of ODE's customer service efforts. Next, the section assesses the operation of the ODE call center, which is an important part of ODE's emerging customer service strategy.

Finally, the section evaluates ODE's customer service efforts in key interactions with one of its primary customer groups, school districts. The key interactions examined include the financial reporting process and the Education Management Information System reporting process. Throughout this section, ODE efforts to meet customer needs and demands, as they relate to the topics presented, are detailed and evaluated. The section concludes with a summary of the key customer service issues ODE should address to meet its strategic vision and goals.

Background

ODE's Customer Service Challenge

Under the Ohio Constitution and the Ohio Revised Code, the Ohio Department of Education (ODE) is headed by the State Board of Education with the Superintendent of Public Instruction serving as the chief executive officer of ODE. Under law, ODE is also the administrative unit responsible for carrying out the policies and directives of the State Board. The State Board of Education, and therefore ODE, has a broad charge to provide leadership for improving education in the state and for overseeing Ohio's public schools.

ODE's customer service task is made difficult by the fact that it is required to carry out many diverse responsibilities and activities. ODE is required to develop instructional resources; set standards for numerous programs and activities; monitor and oversee scores of state and federal programs; provide technical assistance to school districts; assess and monitor school districts' finances; set, administer, and enforce numerous professional certificates and licenses; create standards for and evaluate program grant proposals, along with monitoring the implementation of the grants; set standards for and monitor teacher education programs at universities; promote (and educate stakeholders about) numerous programs, requirements, and standards; collect and analyze data about Ohio schools; research, develop, and advocate for education policies; set standards for and monitor home schooling and charter, community, and non-public schools.

ODE's expansive responsibilities means that its list of stakeholders and potential customers is also large. A list of ODE stakeholders and customers could include everyone from the Governor and members of the Ohio Legislature to all school district personnel and students. Stakeholders could also include parents, lobbying organizations, and other groups of people interested in the system of public education in Ohio. Having such a large number of stakeholders and potential customers creates a significant challenge for ODE to effectively communicate with stakeholders and focus its customer service efforts.

ODE Call Center

ODE created a call center in 1999 to handle inquiries regarding OhioReads, local district report cards, and general questions from parents, school districts, teachers, and others. In August 2000, the OhioReads function was separated from the call center and was given its own individual call center operations in anticipation that OhioReads would receive a high volume of calls with the beginning of its volunteer drive in August. The ODE call center currently has three toll-free phone numbers queued into its system: one for inquiries regarding the local district report cards, one for inquiries for the Ombudsperson, and one for general inquiries.

In most cases, call center operators transfer calls to the ODE Center or Office that is responsible for the area or program that is the subject of a caller's inquiry, as opposed to directly addressing a caller's question themselves. The call center conducts supervised call transfers to be sure that the caller receives a live person and call center staff will take messages if an individual's voice mail is full.

A staff person in the appropriate Center or Office is responsible for addressing or resolving a caller's question or concern. For example, if someone contacted the call center with a question about teacher licensure requirements, the caller would be transferred to the Office of Certification and Licensure within the Center for the Teaching Profession. Calls regarding issues not handled by an ODE Center are transferred to the Ombudsperson. For example, the Ombudsperson often fields calls from parents who have concerns about situations in school districts involving their children.

Both the call center and Ombudsperson's office are housed under Internal Operations. The Assistant Director for Customer Service supervises the call center operations and serves as the Ombudsperson. The center receives approximately 5,000 calls per month during peak call times and operates from 8 a.m. to 5 p.m., Monday through Friday.

School District Finance Reporting and Area Coordinators

Ohio law and ODE rules require school districts to report on most every aspect of their operations. In a given year, a school district could have to complete and return more than 30 forms. Schools must report information on everything from drivers education training and transportation costs to student enrollment and special education data to staffing and salary information.

ODE area coordinators facilitate and oversee school district reporting of certain financial, staffing, and other information required by ODE under statute or rule. One of the main responsibilities of an area coordinator and area staff is to enter data from these forms and ensure data accuracy. For example, area coordinators conduct Average Daily Membership (ADM) audits of districts, examining the procedures by which districts calculate ADM and verify the accuracy of the data reported. ODE's audit schedule calls for about 20 percent of districts, or more than 120 districts, to be audited each year. Area coordinators also provide technical assistance to school districts and training for district staff.

Area coordinators work out of nine regional or area offices with each area comprising several counties. Each region is staffed by one permanent and one intermittent employee, except in area eight, in northeast Ohio, where there are two permanent staff members.

Education Management Information Systems Reporting

In March 1991, the State Board of Education, in response to a legislative mandate (Amended Substitute Senate Bill 140 of 118th Ohio General Assembly), required school districts to participate in developing and implementing a statewide Education Management Information System (EMIS). The purpose of the system is to assure better accountability for tax dollars and provide better policy understanding of school district programs and student achievement. In June 1997, the Legislature added data accountability requirements to the EMIS reporting system and in June 1999 required school districts and community schools to report, in the future, individual student data linked to a unique data verification code for each student.

The EMIS system provides information about school personnel, students, and other data about a school district. The information gathered must facilitate comparisons between districts and school buildings within districts. Each school district must periodically collect and report the required information to the Ohio Department of Education. Specifically, EMIS requires aggregated information on students, staff, programs, services, and costs. Information must be collected in such detail that costs can be associated with specific programs and services, and therefore, with student performance. In addition to compiling these data for school districts as a whole, EMIS must include data for each building and each grade level.

The Ohio Education Computer Network (OECN) serves as the central data acquisition vehicle for EMIS. Twenty-four sites, known as Data Acquisition Sites or A-sites, comprise the OECN and each A-site provides data validation and aggregation for school districts that are members of the site. The A-sites transfer the aggregated school district data to ODE. School districts have the opportunity to review their data prior to the transfer from their acquisition site to ODE. Department personnel in each division review data specific to their program responsibilities.

Performance Measures

Performance measures used to assess ODE customer service and stakeholder interactions include:

- Assessment of results from the focus groups of selected school district superintendents and treasurers conducted by the Auditor of State's (AOS) office.
- Assessment of results from interviews conducted by audit staff with selected members of the 123rd Ohio General Assembly and the State Board of Education.
- Assessment of call center operations.
- Assessment of customer service activities related to EMIS and financial reporting.
- Assessment of KPMG survey results regarding opinions from members of the State Board of Education, ODE employees, school district superintendents and treasurers, principals, teachers, parents, and members of the business community.

Baldrige Criteria for Performance Excellence

The Malcolm Baldrige National Quality Award was established by Congress in 1987 to recognize U.S. organizations for their achievements in quality and performance and to publicize successful performance strategies. In an effort to strengthen its operation and effectiveness, ODE decided to adopt the Baldrige Criteria and is currently taking steps toward implementation.

The Malcolm Baldrige Education Criteria have four important purposes including:

- To help improve organizational performance, practices, and capabilities.
- To facilitate communication and sharing of best practices' information between education organizations and organizations of all types.
- To foster the development of partnerships involving schools, businesses, human service agencies, and other organizations via related criteria.
- To serve as a working tool for understanding and improving organizational performance, and guiding planning and training.

All the recommendations in this section could help ODE to improve its performance, practices, and capabilities and move it toward the goal of winning the Baldrige National Quality Award.

Findings/Commendations/Recommendations

Identification of Customers and Stakeholders

F7.1 Throughout the fall of 2000, staff from the AOS Performance Audit Department conducted a series of interviews with key members of the 123rd General Assembly. The members provided a variety of responses when asked the question, “Who are the customers of the Ohio Department of Education?” Several members indicated that students are, or should be, considered an important customer group. Other members said that the General Assembly, teachers, the business community, and the general population should be viewed as customer groups. However, the majority of the legislators indicated the local school districts are the primary customers to whom ODE should direct its customer service efforts.

In 1999, a KPMG management study stated ODE did not have a “clearly defined sense” of whom its customers were. An organization cannot provide effective customer service if it does not clearly identify its customers.

The Ohio Revised Code (ORC) charges the State Board of Education with overseeing Ohio’s school districts. Specifically, ORC section 3301.07 states that the State Board of Education should “...exercise policy forming, planning, and evaluative functions for the public schools of the state....” While the ORC charges ODE with many responsibilities, the majority of its mandates involve overseeing or serving Ohio’s school districts.

F7.2 Since 1999, ODE has developed a strategic plan that begins to clarify who ODE serves and more formally defines the mission and goals of each Center. In its strategic plan, ODE defines its primary customer as school districts, stating that “The Department will work in partnership with school districts to...” accomplish its vision, mission, and goals. The ODE Centers’ draft mission statements and interviews with key ODE personnel indicate that ODE recognizes a number of other customers, including legislators, teachers, parents and other education stakeholders.

R7.1 ODE management should require that Center directors continue to refine their strategic planning materials to precisely identify what customers or customer groups each Center serves. Defining school districts as the primary customer in a broad sense may be appropriate at Departmental level, but it is not precise enough at the Center level. The term school district could refer to treasurers, superintendents, teachers, students, parents and even citizens. Also, certain Centers have customer groups other than school district personnel.

For example, the Center for the Teaching Profession primarily serves teachers, principals, and other certified or licensed educators, but secondary customer groups could include college of education officials and local professional development committee members.

Until ODE is able to precisely identify who it serves, the Department cannot effectively direct its service, communication, or improvement efforts and cannot effectively identify customer preferences (the **Strategic Planning** section contains more recommendations and detail on ODE's strategic plan).

R7.2 ODE needs to convey to the General Assembly, school districts, and other education stakeholders what services different customer groups or stakeholders can expect from the Department. Just as focusing its efforts on key customers, such as school district administrators, is important for improving customer service, it is also important that ODE effectively manage relationships with other stakeholders or secondary customer groups by communicating a clear message as to what services those customer groups can expect from ODE. Stakeholders and secondary customers are more likely to be satisfied with ODE services if they have clear expectations about what ODE will and will not do for them.

Assessment of Customer Service Quality

F7.3 The 1999 KPMG report noted ODE did not have a clear idea of the "particular services and support systems that need to be provided to each customer group." KPMG reported "no evidence of an organization-wide 'customer management' strategy" and concluded that the absence of a customer management strategy "causes problems with respect to the allocation of staff and the prioritization of activities."

The Assistant Director of Customer Services instituted a Customer Service Committee (CSC) in 2000 to determine customer needs at ODE. The CSC is supposed to coordinate customer service strategy throughout ODE in an effort to eliminate the fragmenting of customer service functions.

ODE contracted with Gartner Consulting, in November 2000, to help develop and implement an overall customer service strategy. Specifically, the consultant proposal states Gartner will provide a customer relationship management (CRM) vision statement and business opportunity report, a presentation on trends in the CRM industry, an assessment of information technology needs in regard to the CRM strategy, and suggestions for implementing and measuring the success of the CRM strategy. ODE said the study would include an assessment of how it can meet the needs of its various customer groups.

C7.2 ODE has taken steps to begin developing a plan for providing quality customer service. Developing such a plan is critical for ODE to provide consistent high quality customer service throughout the organization.

R7.3 ODE should continue strategic efforts to improve and coordinate customer service on a Department-wide level. While ODE has begun taking steps to systematically manage its

customer service efforts, it will take an ongoing commitment of time and resources to successfully develop, institute, and sustain an effective customer service strategy. (Specific suggestions for how ODE can accomplish this goal are presented in recommendations **R7.4**, **R7.5**, **R7.6**, **R7.7**, **R7.8**, **R7.9**, **R7.10** and **R7.11**.)

F7.4 The Auditor of State's Performance Audit Department held two focus groups in August 2000, one with various school district superintendents and another with school district treasurers. The focus groups included participants from districts of various sizes, from various regions, and of various types (i.e., local school districts, city school districts, vocational school districts, educational service centers, etc.). In general, the AOS focus groups echoed many of the comments noted in the 1999 KPMG survey and focus group responses regarding communication problems when contacting ODE.

Customer feedback indicates an overall dissatisfaction with ODE's customer service performance and three general concerns with ODE's customer service delivery. These concerns include the following:

- Unresponsive and uninformed staff
- Inaccurate and inconsistent messages from staff
- Poor communication with customers

F7.5 General Assembly members also made several comments regarding how ODE could improve customer service (recommendations for addressing these issues include **R7.5**, **R7.6**, **R7.7**, **R7.18**, **R7.19**, **R7.20**, **R7.21** and **R7.22**). These comments included the following:

- ODE should receive input from the districts and be the mechanism that passes information to the General Assembly and the Governor, and vice-versa.
- The Department should improve communications, be forthright, and help those districts that need help.
- ODE should provide technical support.
- ODE should split the state into districts and provide regionalized service.
- SBE needs to develop a priority list.

Both the AOS superintendent and treasurer focus groups reiterated comments made during the KPMG survey that the area coordinators are the most important people school officials deal with regularly and whom they will contact with questions, instead of calling central

Department staff. The treasurers' group stated that regardless of the issue or problem, they prefer to contact the area coordinators for assistance.

- F7.6 In July 2000, ODE released a status report on the implementation efforts of the KPMG management study recommendations. The report noted the steps ODE had taken to improve its delivery of customer service, including creating a Customer Service Office, which houses the call center and the Ombudsperson; hiring a consulting firm to develop a Customer Relationship Management (CRM) strategy; and implementing an annual customer satisfaction survey. The Department has also begun the process of providing customer service training to all Department personnel.

The first customer satisfaction survey was sent out in April 2000 and another is scheduled for later this year. The April 2000 survey was sent to 611 school superintendents and 85 percent or 519 superintendents responded. The survey included largely the same questions as the 1999 KPMG survey. In general, the responses to the April 2000 survey were similar to those provided in the 1999 KPMG survey.

- C7.3** ODE has already begun to implement many of the suggestions identified in the KPMG management study, including instituting a Customer Service Office, with call center, to handle customer inquiries and contracting to develop a Departmental customer service strategy and plan. ODE has taken steps to improve customer service and continues to make changes to address customer concerns.

- R7.4** Any CRM strategy developed by ODE should include training for staff on the strategy's purpose and goals, and on how the strategy should guide the day-to-day work of staff. For example, the training should help staff to appropriately prioritize and respond to different customer groups. Training is critical to ensuring employees understand ODE's customer service strategy and can implement practical improvements for customers based upon customer service goals. ODE should be able to provide this training in-house through the Customer Service Office in conjunction with the CSC.

- R7.5** Any CRM strategy developed by the agency should also include a communication plan that identifies specific priorities and objectives for messages ODE would like to communicate to each customer group, along with performance measures for assessing how well it has achieved those objectives. It is evident from the AOS focus groups' responses that ODE has not made progress in effectively communicating customer service changes to local school districts and a good communication plan could remedy this situation. Effective communication is critical to customer service, collaboration, and the ability of ODE to achieve its strategic goals.

ODE's communication plan should identify and assign, to specific staff, the responsibility for carrying out activities designed to meet the plan objectives. For example, one objective of an ODE communication plan could be, "To communicate to school district personnel that ODE has made a new commitment to serving school districts by acting as both a leader and a partner."

To measure the success of this objective, ODE could include questions related to this objective in customer satisfaction surveys and on its web site, and could conduct focus groups with school district personnel. Specific activities for accomplishing the goal could include the creation of a brochure highlighting ODE's new commitment to customer service for distribution to schools and placement on the web site. Also, Center directors could be charged with developing strategies for promoting this message within their respective customer groups. The Customer Service Office or the CSC could oversee this effort.

According to *Communication Planning: An Integrated Approach*, an effective communication plan includes the following sections:

Background Statement: This section of the plan provides information about the organization and its current position that is relevant to the development of the communication plan. For example, the statement may point to restructuring efforts, broad initiatives undertaken, and demographic trends impacting the organization and meriting consideration in the development of the communication plan.

Functional Objectives: Present strategic objectives of the organization relevant to development of the communication plan.

Policy Issues: Listing of current and emerging debates of concern to the organization. For example, school funding and proficiency testing would be current issues of concern to ODE.

Internal Environments: This section describes the opinions and actions of internal personnel as they relate to their information needs, the communication practices of the organization, and the positive and negative factors in the internal environment.

External Environments: Presentation of customers' and stakeholders' opinions and actions in regard to relevant policy issues or the performance of the organization.

Windows of Opportunity: Listing of good news, actions, or research undertaken by the organization to benefit internal and external customers and stakeholders.

Communication Objectives: Communication objectives for the organization should take into account information from the previous sections. An example objective for external audiences is, ‘To create a better understanding of how the organization performs its key functions.’ An example objective for internal audiences is, ‘Encourage employees to have a customer friendly and customer focused approach in their work.’

Messages: This section list the basic messages that management would like to convey to target audiences, both internally and externally.

Communication Priorities: Lists strategies for meeting communication objectives and communicating key messages. For example, ‘Undertake an information campaign to make key customers and stakeholders aware of improvements the organization has completed to improve service to customers.’

Strategic Considerations: This section of the plan offers cautions in proceeding with the plan and recommendations for action. A caution could be that any strategy designed to highlight changes ODE is planning to undertake to improve customer service should assure customers that they will have an opportunity to provide input on proposed changes.

Requirements for Consultations, Partnerships, and Negotiation: This section outlines the customers and stakeholders that should be consulted when planning communication activities, suggests partnerships that could be established, and points to areas that could benefit from negotiations.

Performance Indicators: Sets forth standards for evaluating the success of the communication plan efforts.

Step-by-step guidance for developing an effective communication is provided by a publication of the International Association of Business Communication entitled *The Communication Plan: The Heart of Strategic Communication* by Lester R. Potter.

R7.6 Any CRM strategy developed by ODE should include detailed guidance for developing a relationship and communicating with the Governor and the Legislature, particularly key legislators, such as the Speaker of the House, President of the Senate, and the Education Committee chairs. The Governor and the Ohio General Assembly play an important role in setting education policy and creating legal mandates that ODE must carry out. Therefore, developing a positive relationship and creating effective channels of communication with the General Assembly is critical to ODE’s efforts to influence educational policy and affect legislation that can impact ODE’s ability to successfully carry out its strategic plan (for more detail on ODE’s interaction with the legislature and education priority setting in Ohio, see the **Priority Setting** section).

R7.7 ODE management should evaluate the role of area coordinators in customer service and the possibility of providing more services from regional area offices. Area coordinators were consistently identified as a customer service strength. ODE should build upon this widely-recognized strength in formulating its customer service strategy.

In addition, many respondents suggested more regionalized service provision could improve service to school districts. This seems to make sense given that public school districts include more than 600 customers that are geographically widespread. While these customers have diverse needs, the needs of districts in the same region are often similar. A more regionalized approach to serving school districts should also promote more personalized and face-to-face interactions between ODE officials and school district personnel, which could help improve customer service and customers' perceptions of ODE.

F7.7 Auditor of State focus group participants reported that ODE staff members were difficult to contact. Customers complained that ODE staff are too reliant on voice mail and voice mailboxes are full. Also, customers report that ODE staff often did not return phone messages. Various customer groups also indicated when they did contact staff on the phone they were often transferred several times, and even then they still may not have reached the appropriate individual. The 1999 KPMG survey identified similar problems with contacting ODE staff.

R7.8 ODE should develop specific customer-friendly guidelines for voice mail use and the Customer Service Office and CSC should provide training on the guidelines. Customer comments indicate voice mail at ODE serves as a barrier to providing timely and efficient customer service. Used properly, voice mail can facilitate effective customer service. The Voice Messaging Educational Committee, an industry group of voice mail manufacturers and service providers, recommends several guidelines for effective voice mail utilization. ODE should be able to implement these guidelines and provide training using current staff. These guidelines recommend the following:

- Greetings should be updated regularly (preferably daily, but at least weekly) and let callers know the staff person's schedule, when calls will be returned (i.e., by 5 p.m. today or 10 a.m. tomorrow), that the caller can dial "0" during normal business hours to reach an operator immediately, and instruct callers to leave their name, number, a brief message, and a convenient time to return the call.
- An operator or receptionist should be available during business hours to assist any callers who have transferred from a voice mail box for personal assistance.

- Staff voice mail greetings should let callers know if they will be away from the office for an extended period and provide the number of a colleague or supervisor who can assist them.
- Staff members should check voice messages regularly, even when out of the office.
- Staff persons should answer their phone when at or near their desk, as opposed to routinely letting voice mail pick up.

R7.9 ODE should include a general phone number for each Center on its web site. Publicizing Center phone numbers on the web site would enable customers to call directly when they know what Center they need to contact for help, instead of having to call the general ODE phone number and then be transferred. This would help reduce the number of calls transferred and provide better customer access to ODE. ODE's web master should be able to add Center telephone numbers to the web site at no additional cost.

F7.8 Legislators' comments, made during AOS interviews with key members of the 123rd General Assembly, noted complaints from local school officials in their respective House and Senate districts, about a breakdown in communication with ODE. Several members noted inaccurate and inconsistent messages as problems often identified by their constituents. As one senator related, "There is a bad rapport between ODE and the locals. You can make five calls and get five answers, or you'll get no answer at all."

A commonly expressed complaint from KPMG survey respondents was Department staff often provide inaccurate and inconsistent information. Specific examples focused on receiving several different answers to one question and receiving inaccurate information from central Department staff in response to inquiries. Respondents reported an overall impression that ODE employees were not as knowledgeable as they should be. Some respondents indicated that these shortcomings have caused local district personnel to stop seeking advice from ODE.

R7.10 Each Center Director should have their staff generate a list of frequently asked questions (FAQ's). Center staff should also develop a list of responses to the list of questions generated. These FAQ's and answers should be forwarded to the CSC or another similar committee for review. The CSC review should assess the FAQ's and responses for accuracy and clarity and to determine what FAQ's warrant placement on the ODE web site.

After reviewing and revising the FAQ's and answers, the CSC should ensure the appropriate responses are placed on the web site and all the revised questions and responses should be returned to the appropriate Center. All Center staff should be trained so they understand the FAQ's directed to staff within that Center.

Following this process will ensure that the most common questions asked of ODE staff have clear answers that are agreed upon and recognized agency-wide. Posting the questions on the web will give customers 24-hour access to answers for the most commonly asked questions.

Finally, if staff in a given Center understand and can answer these FAQs, customer service should be improved because staff will be able to consistently provide customers with correct answers to common questions and have a better understanding of the key issues handled by everyone in a Center. Implementing this recommendation is an important step for addressing customer complaints about staff being ununiformed and providing incorrect and inconsistent answers.

- F7.9** Many legislators interviewed by AOS said they have had concerns about a lack of communication between ODE and the General Assembly, but communication with ODE has generally improved over the past few years. For example, one member said communication is better with the General Assembly because the Superintendent has stepped up her communication with legislators.

Other legislators say ODE is doing a better job communicating with legislators, but there is room for improvement. For instance, one member said ODE has been responsive to requests, but may not always provide all the information needed to make decisions.

A minority of legislators indicated a strong dissatisfaction with ODE. One member reported there is no regular exchange of information and ideas between the General Assembly and ODE. Another member said ODE is not responsive to requests.

- F7.10** In 1999, the Superintendent of Public Instruction implemented a series of initiatives in an attempt to improve communication with local school districts and members of the General Assembly. The Superintendent conducted a series of discussions with school superintendents and legislators at her home in an effort to better open the lines of communication. The Superintendent also created a web site dedicated to corresponding with school superintendents. The site contains a series of monthly newsletters as well as messages regarding specific information and important program deadlines.

- C7.4** The Superintendent has taken steps to improve communication with school districts and the General Assembly. The Superintendent's actions represent one step toward improving customer service and stakeholder relations.

- F7.11** Participants in the AOS treasurers' focus group said ODE is overly dependent upon its web site for disseminating information. As a result, there is a sense among some that ODE is placing the burden for obtaining information on the school districts. Also, treasurers reported that ODE does not notify districts when updates are made to the web site making the web site

less effective for communicating with school districts. This over reliance on the web site is another example of poor communication between ODE and school districts, according to these treasurers.

R7.11 ODE should create a system whereby school district officials can subscribe to Center mailing lists on the ODE website and receive e-mail updates of new web site content or other news from any of the Centers. This step would help address concerns about ODE's current use of the web site to communicate with districts.

Each employee in a Center could also be on the Center online mailing list, so that Center employees would also be up-to-date on the latest news and information involving the various Offices in each center. Keeping Center staff informed in this manner would help address the customer concern that staff are not as informed as they should be.

Financial Implication: ODE would need to purchase software to facilitate providing the functionality for creating online mailing lists. It could cost up to \$5,000 for ODE to purchase software with this functionality.

Call Center Operations

F7.12 The current call center phone system, which became operational in June 2000, does not use automated prompts to direct calls. An automated prompt system could allow customers with common issues to more efficiently direct their calls. Also, this change would allow the call center to better manage its call load because fewer calls would be directed to the call center.

R7.12 ODE should consider integrating the use of automated prompts and other common call center technology to improve customer service in the call center. A benchmarking study of high performing call centers in the private sector, *Call Centers: Executive Insights for Excellence* by Best Practices, LLC, shows that effective use of such technologies can enable a call center to serve more customers at a higher level than without it, by improving the ability to effectively and efficiently manage call volumes.

The State of Missouri Department of Elementary and Secondary Education uses an automated greeting system that provides callers with touch-tone dialing to select one of three options for directing their calls. Two of the options reflect the most common topics about which customers call ODE, and the third option is to speak with a customer service representative in the call center.

Use of appropriate technology to guide customer calls will enable ODE to provide a high level of service to callers while keeping call center staffing costs to a minimum. Effective technology use will be particularly important if calling volume increases and call center staff

members take on additional responsibilities as a result of implementing recommendations **R7.13** and **R7.15**.

However, ODE should be careful to avoid becoming too reliant on technology when implementing this recommendation. For example, any use of automated prompts should be limited to only a few choices and one option should always be to speak with a customer service representative. ODE should analyze what Offices callers are most commonly transferred to and what subjects callers most commonly have questions regarding. Based upon that analysis ODE could include the two most common subjects or areas in a list of automated prompts and have the system automatically direct callers to the relevant Office to answer those questions.

Financial Implication: Instituting new call center technology to manage calls and provide interactive response capabilities could require additional cost. This cost could vary, depending upon the software and hardware chosen by ODE. The cost would likely be less than \$20,000 to purchase the call center technology for providing interactive response capability. This estimate does not include costs for implementation and integration.

For example, there are products available that can turn a Windows NT or Windows 2000 server into a comprehensive interaction management system capable of eliminating many communication devices including automatic call distributors, interactive voice response systems, voice mail systems, and fax servers. The cost in hardware and software for such a product could range from \$3,000 to \$6,000 per customer service station in a call center environment.

- F7.13 Participants in both the superintendent and treasurer AOS focus groups indicated that they were unaware that a call center existed. According to the Assistant Director of Customer Service, the phone number for general inquiries has not been well publicized. These comments suggest that ODE has not effectively promoted the call center to customers, stakeholders, or the public.

A benchmarking study of high performing call centers in the private sector shows that top-performing organizations use their call centers as “contact centers” or “solution centers” that serve to coordinate, focus, and standardize communication with customers.

- R7.13** ODE should better publicize its toll-free number for general inquiries so that its customers and stakeholders recognize the call center as the central location for obtaining information from ODE, particularly when the customer is not sure who in the organization can assist them with a particular issue.

Promoting awareness of the call center should be a goal in ODE's strategic communication plan, which was described in **R7.5**. ODE must plan for the increased call volume that should result from such a campaign, particularly as it relates to staffing and enhanced technology (see **R7.12**, **R7.14**, and **R7.16**).

F7.14 The call center currently has three full-time employees. The call center is responsible for general inquiries, inquiries regarding the local district report cards, and inquiries for the Ombudsperson. There are no backups for the call center positions. Therefore, if an employee is absent, the call center must either attempt to obtain a temporary worker to fill the slot or operate with a reduced staff. This staffing situation can negatively impact the quality of service provided by the call center.

R7.14 ODE needs to address the problem of not having backup replacements for call center representatives, particularly if it desires to maintain a system in which callers reach a live individual as opposed to a more automated system or if ODE chooses to implement other recommendations included in this section.

One option ODE management should consider is cross-training support staff, and other selected ODE personnel, to develop a pool of staff members who can serve as backups in the call center. Cross-training staff in this manner would provide a cost-effective way to address the need for back-up support for the call center. The states of Missouri and New Mexico cross-train their support staff to handle calls to their main phone lines and have found this to be a cost-effective option for managing customer calls.

Cross-training selected staff to work in the call center would also expand the number of staff members who have a broader understanding of ODE operations and formal training in providing customer service over the phone. In turn, this should work to improve the customer service those staff members are able to provide in their regular positions within the organization.

F7.15 The Assistant Director for Customer Service is responsible for maintaining and updating the "keywords" list on the ODE web site, which is used to aid individuals trying to find information on the web site using the search function. E-mail inquiries are handled by personnel in the Office of the Chief Information Officer, which forwards the questions to the office deemed most appropriate to handle the inquiry.

R7.15 The call center should be given the responsibility over general e-mail inquiries that are currently handled by the webmaster or the OCIO help desk staff. This would further establish the call center as the central contact point where customers know they can direct their questions and concerns. The benchmarking study, *Call Centers: Executive Insights for Excellence*, states that top performing companies use their call centers as a critical contact

point to collect customer feedback, information, and suggestions regardless of how the customer contacts the organization.

In addition, call center employees are best equipped to effectively handle e-mail inquiries as they receive ongoing customer service training and have a good working knowledge of ODE operations. ODE should plan for the staffing implications of transferring this function to the call center.

Financial Implication: The Assistant Director of Customer Services, estimates that the call center could need an additional full-time staff person to be able to answer email inquiries. Based upon the personnel currently handling e-mail inquiries in OCIO, this seems to be a reasonable estimate. However, this staff person would likely have time to take on additional duties, such as answering phone calls to the center. Customer service representatives are paid between \$13.25 and \$16.10 per hour. Therefore the cost for a new customer service representative, including benefits, would be between \$35,000 and \$44,000 per year.

F7.16 The call center implemented a new call monitoring system in June of 2000 that enables ODE to track and quantify data such as the number of calls made, the number answered, the average delay in answering calls, and the call duration. However, the call center has been unable to run reports off of the system since it was installed due to hardware compatibility problems, and repairs have been delayed until after the Gartner customer relationship management study is completed. Depending on the outcome of the Gartner study, ODE will repair the current system or implement a different tracking system.

R7.16 ODE should put some type of call center monitoring system in place, so that call center statistics can be maintained. Tracking and analyzing call information is important to assessing the efficiency and effectiveness of call center operations. According to *Call Centers: Executive Insights for Excellence*, high performing call centers analyze call statistics to identify and address problems. An effective call tracking system should help call center management to analyze and address issues affecting customer service in the call center, ensuring that it maintains a high quality of customer service.

Financial Implication: The cost of putting a call tracking system in place would vary depending on whether ODE repairs the current system or implements a new system. Implementing a new system, the more expensive option, could cost up to \$50,000 to complete. A higher cost system could also provide the functionality discussed in **R7.12**, meaning that a system costing up to \$50,000 could provide both interactive response and call monitoring capabilities.

F7.17 In June 2000, ODE's call center conducted surveys using a random sampling of callers in order to determine if they were providing the necessary customer support. The surveys were

conducted via telephone and involved customer satisfaction with services provided by the call center in three primary call categories: the Ombudsperson, OhioReads, and Local Report Card. Each call category sampled 50 previous callers, with response rates varying for each category. The survey consisted of six questions with responses measured on a “one-to-five scale” (“one” being “very poor” and “five” being “excellent”).

In general, customers rated call center service as good. The majority of the respondents reported receiving timely and accurate information from a helpful staff. Of respondents who indicated that their call had been transferred, most indicated that the call had been directed appropriately.

- C7.5** The call center has conducted surveys to assess the quality of its services. Ongoing assessment of customer satisfaction is critical for evaluating operations, making changes to improve service, and maintaining a customer focus. Surveying to assess customer satisfaction with the call center will become even more important as more customers become aware of the call center phone number and call volumes grow.

ODE and Local School District Interaction

School Finance Reporting

- F7.18 Ohio law and the Ohio Administrative Code require school districts to report on most every aspect of their operations. In a given year, a school district could have to complete and return more than 30 forms. Schools must report information on everything from drivers education training and transportation costs to student enrollment and special education data to staffing and salary information. These forms are necessary for districts to receive reimbursement or payment for certain activities and to provide necessary data for making Foundation funding allocations under Ohio law.

Districts fill out information in paper form for the area coordinators, who in turn enter it into a computer system called the School Finance Foundation system or simply the Foundation system, which is used to calculate state foundation funding allocations for school districts. The Foundation system consists of 2,000 separate programs, which do not interface well with other programs and are not user friendly. It would be best if school districts could enter the data directly into a relational database format so that the area coordinators could do less input and more analysis for accuracy.

ODE is in the process of implementing an Oracle-based financial system and data warehouse (See the **Technology Utilization** section for more detail). Once in place, this upgrade should significantly reduce the time and effort required for staff to calculate the Foundation formula school district allocations, as staff will better be able to integrate and manipulate the different

data need to perform the calculations. ODE also has included a goal to have all data submissions that are currently in a manual form converted to electronic submissions in its long-term plan for the foundation redesign.

F7.19 In a 1999 report on focus groups done with school district officials, Strategy Team, Ltd. reported school officials did not like the timing and method of releasing information about their schools. School officials want more time to verify any financial data before ODE releases it to the public.

During the 1999 focus groups, school district treasurers offered many comments about district data reporting. Treasurers reported they received inaccurate and out-of-date information from ODE. The treasurers said ODE often provides important information directly to superintendents and inappropriately bypasses the treasurers. The treasurers would like to have direct access to ODE data and want more training on how to use and report data. District treasurers also reported wanting more information on how ODE calculated financial and staffing forecasts.

R7.17 ODE management in the Center for School Finance and Accountability should redesign the current form submission process to make it more efficient, customer-friendly, and to provide better capabilities for ensuring data accuracy. The Center should consider implementing a relational database that would allow school districts to directly submit their finance and staffing data electronically and/or via the ODE website. Facilitating electronic submission should simplify the process for school districts by reducing the time and paperwork burden for meeting ODE reporting requirements.

Using a relational data base would enable ODE to identify and eliminate any duplication of requested information and would allow districts to save time by eliminating the need to re-enter certain types of data, such as district name and address. The implementation of a system of electronic submission would also permit the area coordinators and staff to spend a greater amount of time verifying the accuracy of the information and providing technical assistance to the districts rather than performing data entry functions.

An effective redesign of the Foundation system and the reporting process could also reduce the time spent by ODE staff on foundation calculation and reporting activities, thereby freeing up staff time to spend on more training and assistance activities, which are valued by customers.

Financial Implication: There could be significant additional cost to create a system for electronic submission of reporting form. The additional cost of such services could vary widely depending on the types of software and personnel required.

R7.18 The Associate Superintendent of the Center for School Finance and Accountability should ensure that the Center collaborates with district superintendents and treasurers when redesigning the current form submission process, so that any changes will address district concerns. For example, the new system should allow treasurers to access the database and run reports that they deem useful for management and analysis purposes and should address district concerns about not having adequate time to review data before it is released to the public.

Seeking customer input will help ensure a customer friendly Foundation system and better enable ODE to identify and meet customer preferences.

F7.20 Auditor of State focus group participants reported dissatisfaction with the level of reporting assistance ODE provides. In the 1999 KPMG survey, nearly one-third of the school administrators reported not being satisfied with the "...level of assistance provided by the ODE in helping me meet data reporting requirements." Conversely, only one-third of the administrators reported being satisfied with ODE assistance. The remaining one-third of administrators indicated a neutral response or did not respond. The focus group and survey responses suggest a significant portion of ODE's customers would like a higher level of assistance than they are currently receiving in regard to data reporting.

R7.19 ODE should consider providing more training and assistance desired by school districts such as guidance on how best to collect, report, and use the financial, staffing, and other data that are reported by districts or generated by ODE. Providing more training and assistance to school districts would also serve to improve the accuracy of the data submitted. An effective training program could also increase the ability of school district personnel to use the data to improve their operations.

Financial Implication: Implementing this recommendation could result in additional costs for the Department. However, the update of ODE computer systems and streamlining of the form submission process could free-up staff time to provide more value-added services at little or no additional cost through reallocation of staff.

F7.21 ODE is currently reviewing the type of finance and reimbursement data school districts are required to submit to see if some forms can be eliminated. Two forms (the SM-1 and SM-2) were recently eliminated after it was determined that the data reported was rarely used by ODE.

ODE is now looking at the 4502 finance reporting and expenditure flow models to determine the usefulness of the data they provide because much of that data appearing on the 4502 is included in the Comprehensive Annual Financial Reports (CAFRs) produced by districts.

However many districts do not produce CAFRs and CAFRs do not offer as much detailed information as some customers and stakeholders may need.

C7.6 ODE has eliminated two unnecessary forms and continues to consider ways to simplify reporting for school districts. Eliminating unnecessary forms reduces work for both school districts and ODE staff and addresses customer calls to reduce the time and paperwork required to meet reporting requirements.

R7.20 Before eliminating reports or forms, ODE should consider the needs of all customers and stakeholders. While information from some reports may not appear necessary to schools or ODE, other customers and stakeholders may need the information from such a report. For example, citizens, the media, or auditors may need the detailed financial information provided in 4502 finance reports, but not in the CAFR.

Education Management Information Systems (EMIS)

F7.22 The AOS Performance Audit Department focus groups conducted in August 2000 with school superintendents and treasurers and the KPMG study identified concerns with the current EMIS process. In general, school officials think that the EMIS reporting process is too time-consuming with redundant data reporting.

F7.23 According to the Office of the Chief Information Officer, ODE cannot easily identify and correct errors in EMIS reporting because data is aggregated first at an A-site and then transferred to ODE. Therefore, ODE must refer questions about apparent errors back to the A-sites who must in turn send it back to the districts. A planned EMIS redesign is intended to enable ODE to bypass the A-sites for the submission of aggregated data, thereby potentially eliminating this problem.

ODE is currently in the process of redesigning EMIS (this process is described in detail in the **Technology Utilization** section). The redesign of EMIS into a relational database should simplify the reporting process for school districts, improve the quality of the data and reporting capabilities, and eliminate data reporting redundancies. The EMIS redesign could also enable ODE to conduct better studies to see the impact of specific programs. Full implementation of the EMIS redesign is projected for FY 2003.

R7.21 ODE should work closely with school district treasurers and superintendents to be sure that the EMIS redesign adequately addresses their many concerns about the current reporting process. ODE could accomplish this through the use of focus groups or surveying school district personnel or by providing school district personnel information on how to submit comments on proposed changes. The redesign of EMIS and related information systems provides an important opportunity for ODE to collaborate with school districts and

dramatically improve customer service, the system for reporting EMIS data, and ODE's relationship with school districts.

F7.24 According to the OCIO, most customer service activities related to EMIS occur at data acquisition sites (A-sites), which receive funding from ODE, but are otherwise independent from ODE. The A-sites are run by Boards selected by member school districts. Most school districts, especially smaller and medium sized districts, belong to one of these sites (See **F5.7** in the **Technology Utilization** section for more information on A-sites). The A-sites also provide technical support and training.

The redesign of EMIS could allow districts to submit their data without the assistance of A-sites and could require ODE to support services currently provided by the A-sites (See **R5.4** in the **Technology Utilization** section for more detail). The streamlining of reporting enabled by the redesign of EMIS raises the question of whether ODE can handle a large influx of customer service requests that have traditionally been handled by the A-sites.

R7.22 ODE should be aware of the customer service implications of the EMIS redesign. The redesign could result in increased demand for ODE staff to provide support, assistance, or training, which is now provided by the A-sites. ODE should communicate with districts during the redesign process to assess how much, if at all, school districts will increase requests for support and assistance after the redesign.

ODE should also work with school district personnel to improve the process for ensuring that data submitted through EMIS is accurate. This process should clearly identify assistance and steps that ODE can take to help facilitate districts' collection and submission of accurate EMIS data and outline steps that school districts must take to ensure data accuracy. ODE should implement the sanctions outlined in ORC 3301.0714 for districts that do not comply with the steps developed by ODE in conjunction with school district personnel. It is critical for education funding that EMIS data be accurate.

ODE could accomplish this assessment through the use of focus groups or by surveying school district personnel. Based upon school district feedback, ODE should adjust staff responsibilities or size, as needed, to successfully manage increased customer service demands resulting from the redesign, and establish new requirements for accurate data submission.

Financial Implication: Any increases in staffing or staffing responsibilities could have significant costs. Costs would vary widely depending upon the changes. ODE should be aware of these costs when making decisions to increase staff or alter staff responsibilities.

Financial Implications Summary

Table 7-1 summarizes the total estimated implementation costs for the recommendations made in the Customer Service section of the report. For the purpose of this table, only recommendations with quantifiable financial impacts are listed.

Table 7.1: Summary of Financial Implications

Recommendations	Implementation Costs
R7.11 Create a system whereby school district officials can subscribe to Center mailing lists on the ODE website and receive e-mail updates of new web site content or other news from any of the Centers.	\$2,000-\$5,000
R7.15 Call center should take manage customer email requests, which could require hiring one additional staff person	\$35,000-\$44,000 (per year)
R7.16 Develop capability to use automated prompts and other common call center technology to improve customer service in the call center, and institute a call center monitoring system, so that call center statistics can be maintained.	\$30,000 -\$50,000
Total One-time Cost	\$32,000-\$55,000
<i>Total Ongoing Cost</i>	<i>\$35,000-\$44,000</i>

Conclusion Statement

ODE's current customer service performance needs significant improvement, according to many of its customers and stakeholders. ODE needs to make improvements in the area of customer service if it is to achieve its strategic goals and to earn the Baldrige Award in Education. This means developing a strategic vision for how it wants to serve customers and then implementing policies, procedures, services, and an organizational structure that enable it to effectively realize that vision. The evidence suggests that ODE needs to improve in three main areas if it is to provide a high level of customer service.

First, ODE management needs to establish customer service as a top strategic goal of ODE and create a vision to guide staff efforts. This means developing a comprehensive strategic plan for guiding customer service efforts and for communicating with stakeholders and customers. With no detailed plan in place, management and staff have no direction or vision for where the agency should be going in terms of serving customers. The lack of a strategic vision and principles means that department staff have no common expectations for what customer service means at ODE nor a common standard by which to evaluate customer service efforts.

ODE needs to develop a Department-wide strategic vision, mission, goals and performance measures for what customer service at ODE should be, so Center staff can set goals and undertake activities, designed to achieve ODE's strategic vision (See **R7.1, R7.2, R7.3, R7.5** and **R7.6**). Establishing strategic goals and measures for customer service is a necessary first step to becoming the best education department in America and meeting Baldrige Award criteria.

Second, ODE needs to create an environment where customer service is a top priority and everyone follows basic customer service practices in their work. This means developing and implementing customer-friendly policies and procedures, and providing ongoing staff training in effective customer service (See **R7.4, R7.8, R7.9, R7.10, R7.11, R7.12, R7.13, R7.14, R7.15, R7.16, and R7.20**). With proper policies and training in place, ODE can reasonably hold employees accountable for their customer service efforts and evaluate them on their compliance with customer service policies and use of skills learned in training. Creating a customer focused environment is critical for ODE to address customer complaints identified in this report for providing effective customer service and meeting Baldrige Award criteria.

Also, ODE needs to structure its organization and activities to facilitate effective customer service. It appears that too much of staff time is consumed with managing cumbersome processes and outdated technology, which severely limit the time available for providing the assistance and services that school district officials really want. ODE needs to make these processes more efficient, so staff can focus on value-added customer service activities, which is a Baldrige core value.

Many of ODE's interactions with school districts are limited to the minimum level of service required to obtain compliance from districts on various reporting issues. School officials do not view this as effective customer service. Instead school districts want value-added services, such as training seminars, which can help them more effectively manage their school districts. ODE needs to increase the number of value-added services, such as management assistance, it provides to school districts.

Finally, ODE should closely examine its current organizational structure. ODE's largely centralized structure may limit its ability to provide the type of customer service that school district officials seem to want (**R7.7, R7.17, R7.18, R7.19, R7.21, and R7.22**). School district officials appear to want more personalized and value-added services, such as training, that require personal face-to-face interactions with ODE employees. School district officials also want to work with people who know them and have visited their districts. ODE should consider placing (or reallocating) more staff to regional offices to be able to truly satisfy its primary customers. ODE must thoroughly evaluate the services it provides and determine which ones could best be provided from the regional offices as opposed to being handled from the central office in Columbus. Identifying and addressing customer needs in this fashion is critical to becoming a Baldrige Award winning organization and the best department of education in the country.

Monitoring and Oversight

Introduction

The monitoring and oversight section focuses on the procedures established by the Ohio Department of Education (ODE) to monitor and provide oversight for the following programs: (1) continuous improvement plans, (2) academic watch and academic emergency, (3) economy and efficiency plans, (4) fiscal watch and fiscal emergency, and (5) school voucher programs. The objective is to assess the established processes that support ODE's efforts to fulfill its requirements as indicated in the law.

ODE's role with respect to Community Schools is the subject of a separate review by the Auditor of State. The results of that review will be issued in a separate report.

Background

The Academic Accountability Bill, Senate Bill (S.B.) 55 which was signed into law on August 22, 1997, enacted the following:

- School district performance standards pursuant to Ohio Revised Code (ORC) § 3302.02;
- School district report cards pursuant to ORC § 3302.03;
- Increased high school graduation requirements pursuant to ORC § 3313.603; and
- A "fourth-grade guarantee" preventing students who do not pass the fourth-grade proficiency test from advancing to the fifth grade unless exceptions apply pursuant to ORC 3313.608.

Pursuant to S.B. 55, school districts are rated on performance every three years beginning with FY 1999-00. ODE calculates and reports for each school district, its percentages on each of the performance indicators listed in ORC § 3302.02, specifies for each such district the extent to which the acceptable performance indicators have been achieved and designates whether the district is an effective school district, needs continuous improvement, is under an academic watch, or is in a state of academic emergency. See **F8.5** for definitions of these designations. Additionally, ODE issues annual report cards for each district based on performance data.

Senate Bill (S.B.) 345 updated the School District Fiscal Accountability Act, originally signed into law on August 22, 1997 under House Bill (H.B.) 412. The law requires set-asides for capital and maintenance (ORC § 3315.18), and textbooks and instructional materials (ORC § 3315.17). S.B. 345 also requires the creation of the school district solvency assistance fund (ORC § 3316.20). The solvency assistance fund provides interest-free assistance grants to school districts to enable them to remain in operation.

The school fiscal watch and fiscal emergency law was originally proposed in the Cleveland City School District performance audit issued in March 1996 by the Auditor of State (AOS). The law is based upon the 1979 municipal fiscal emergency law which has aided Ohio municipalities in fiscal emergency. S.B. 310 builds upon that law by creating the fiscal watch status to provide early warning to faltering districts whose finances are approaching fiscal emergency status, under which a state and local commission would oversee finances of the district. Effective April 10, 2001, the Ohio enacted legislation creating fiscal caution as a designation prior to fiscal watch as a preventative measure for fiscal watch and emergency conditions.

The urban schools initiative was launched in 1996 by ODE to comprehensively address the problems and issues facing urban school communities. The biennial budget bill, H.B. 215, included an urban initiative package which allocated an additional \$113.58 million for 21 urban school districts in the State of Ohio. To receive these additional dollars, the urban districts were required to comply with the following conditions:

- Implement an academic performance bench marking program;
- Receive a performance audit conducted by AOS; and
- Complete an economy and efficiency (E&E) plan within six months of the completion of the performance audit that is consistent with the recommendations of the performance audit.

Each urban district's school board or other managing authority was required to approve the E&E plans. The E&E plans were then to be approved by the Superintendent of Public Instruction (Superintendent) in consultation with the Office of Budget and Management.

Over the last ten years, "school choice" has grown in popularity because of growing dissatisfaction with traditional public schools. School choice allows parents and students to leave the public school system and "choose" a school that the parents believe better meets the student's needs. Community schools are one of several types of "choice" options that are available to parents and students in Ohio. Community schools are state-funded public schools that are exempt from many of the rules and regulations that govern traditional schools. In exchange for fewer rules and regulations, community schools are accountable for the academic performance of their students. Community schools are governed by a contract between the community school and its sponsor.

The Cleveland Scholarship and Tutorial (voucher) Program was created in 1995, pursuant to ORC § 3313.975. The voucher program was created to provide for a number of students residing in a pilot project school district, scholarships to attend alternative schools, and for an equal number of students to receive tutorial assistance grants while attending public school in any such district.

Performance Measures

The following is a list of performance measures that were used to review ODE's monitoring and oversight function:

- Assess the procedures established to monitor and assist school districts in academic watch or academic emergency in comparison to ORC requirements;
- Assess the continuous improvement planning process;
- Assess the procedures established to monitor and assist school districts in fiscal watch and fiscal emergency in comparison to ORC requirements ;
- Assess the procedures established to monitor the submission of economy and efficiency plans in comparison to ORC requirements;
- Assess the procedures developed to monitor charter schools and the school voucher programs in comparison to ORC requirements; and
- Assess the staffing levels for the monitoring and oversight of each of the above areas.

Findings/Commendations/Recommendations

Continuous Improvement Plan, Academic Watch and Academic Emergency

F8.1 The following regulations govern a district's development and implementation of a continuous improvement plan (CIP):

- ORC § 3302.04 requires districts designated as continuous improvement, academic watch (AW), or academic emergency (AE) to develop a three-year CIP;
- The ORC requires ODE to develop an intervention rule (Rule 3301-56-01) for academic watch and academic emergency districts; and
- Rule 3301-50-01 of the Administrative Code defines the standard unit of improvement (SUI) and sets the criteria for annual overall satisfactory progress and movement to the next higher designation.

F8.2 Section 3302.04 of the ORC requires that a district develop a three-year continuous improvement plan when ODE notifies the district of the following: 1) the district needs continuous improvement, 2) the district is under an academic watch, or 3) the district is in a state of academic emergency. The district must hold at least one hearing on the final draft of the plan prior to board adoption and make copies of the plan available to the public. The plan must contain the following elements:

- An analysis of the reasons for the district's failure to meet any standards;
- Specification of the strategies the district will use to address the problem; and
- Specification of the resources the district will allocate to address the problem.

F8.3 ORC § 3302.04 and intervention rule 3301-56-01 of the Administrative Code requires a district that has been designated as being under AW or in a state of AE to submit the CIP to ODE within 120 days of the designation. The plan must be implemented within 165 days after the designation. The rule requires that the district board develop a CIP by performing the following:

- Adopting a mission statement that guides the educational program;
- Establishing an advisory panel to serve students and their families that includes community leaders, parents, representatives of the district programs and services, local businesses, vocational education planning districts, and local community organizations;
- Adopting the CIP subsequent to conducting at least one public hearing in accordance with ORC § 3304.02;
- Making copies of the CIP available to the public; and
- Establishing a time line and a process for implementing the CIP that includes: 1)

Determining spending priorities for the district's budget consistent with the district CIP, 2) Monitoring and reviewing the results of improvement strategies and modifying the CIP accordingly, and 3) Annually reporting to the community the progress and results of the CIP.

The advisory panel has the following purposes:

- Identify and analyze factors contributing to current performance on any of the performance standards set forth in ORC § 3302.02;
- Establish priorities for improvement;
- Establish performance goals and benchmarks; and
- Develop corrective actions.

F8.4 ODE mailed the first local report cards to districts on February 28, 2000, which served as the official notification of the districts' designations based upon performance data for the 1998-99 school year. ORC § 3302.03 required that beginning with the 1999-00 fiscal year, and every three years thereafter, ODE shall calculate and report for each school district its percentages on each of the performance indicators listed in ORC § 3302.02. It also requires that ODE designate the district as effective, continuous improvement, academic watch, or academic emergency.

ODE's local report cards are based on the 27 performance indicators listed in ORC § 3302.02 and include a district's overall performance on proficiency tests in grades 4, 6, 9, 10 and 12; attendance rates; and graduation rates. The number of indicators that a school district meets determines whether the district is designated as effective, continuous improvement, academic watch, or academic emergency.

F8.5 **Table 8-1** outlines the criteria for each rating category, indicating the number and percentage of standards that must be met to receive each rating and the number of school districts that ODE designated in each category on the February 2000 local report cards. **Table 8-1** also indicates a target for each category which represents the maximum number of years a district should take to move to the next highest category. The table shows that 200 school districts were designated as being in academic watch or academic emergency and were therefore required to submit a CIP plan to ODE.

Table 8-1: Performance Ratings for Ohio School Districts

Rating Categories	S.B. 55 Criteria (Based on State Performance Standards)	# of Indicators (27 Standards) to be met for rating category	Number of Districts	Target to attain next highest category
Effective	Meet at least 94%	26-27	31	N/A
Continuous Improvement	Meet > 50%, <94%	14-25	376	5 years
Academic Watch	Meet >33%, but not >50%	9-13	131	3 years
Academic Emergency	Meet 33% or less	0-8	69	5 years

Source: ODE

Note: The percent of standard is established by statute and the standard number of indicators may change.

F8.6 Each of the 200 school districts required to submit a CIP to ODE did so within 120 days and implemented the plan within 165 days. According to personnel in the ODE Office of Regional Services (ORS), the area responsible for receiving the CIPs, each of the 200 school districts submitted its CIP by July 3, 2000, the due date designated by ODE. According to ODE, all districts began implementing the CIP by August 15, 2000. Implementation was determined by reviewing the regional technical assistance plans prepared by each region, regional team leaders' monthly activity reports and quarterly reports prepared by each technical support coordinator (see F8.9). See finding F8.15 for information on the CIP plan review process.

F8.7 The standard unit of improvement (SUI) is the measure of satisfactory progress toward achieving any performance standard not met the previous year. Rule 3301-50-01 defines an SUI as 2.5 percentage points (2.5%) gained per year until the performance standard is met. To be considered as making overall satisfactory progress toward becoming effective, a district must meet the following three conditions:

- Each year, the district must show an overall improvement of more than 2.5 percentage points times the number of standards not met the previous year. For example, a district missing 15 standards needs to gain more than 37.5 (2.5 x 15) percentage points cumulatively across the 15 standards.
- Each year, the district must increase at least 2.5 percentage points on 2/3 of the standards not met the previous year. For example, a district missing 15 standards needs to show at least 2.5 percentage points growth on each of 10 (2/3 x 15) standards.

- The district must move from its current performance rating to the next highest category in a set period of time (see **Table 8-1**).

F8.8 Performance progress from the 1998-99 to the 1999-2000 school year was reported to parents in the local report cards issued in February 2001. However, progress was not measured in the manner defined in rule 3301-50-01. On the report cards, ODE indicated the time periods required to move from one designation to the next (as indicated by the third bullet point in **F8.7**). However, instead of reporting the 2.5 percentage point increases as indicated in bullets one and two of **F8.7**, ODE stated that “in general districts are expected to improve at least 2.5 percentage points per year the State standards” and indicated the number of standards in which the district improved and/or declined along with the average percentage points of improvement and/or decline per standard. The methods of measurement described in bullets one and two in **F8.7** were designed to encourage districts to focus their efforts on improvement across all standards and not just a select few. However, ODE determined that the measurements were too complicated to communicate to stakeholders.

R8.1 ODE should adopt a new method of measuring satisfactory progress toward achieving performance standards. Satisfactory progress should be encouraged across all standards and should be easily understood by school district personnel and stakeholders. In developing the measurement process, ODE should solicit input from the school district superintendents and staff. In a survey conducted of academic watch and emergency school districts, one respondent indicated a desire for a report card that is more reflective of continuous improvement. Involving the districts in this process will allow ODE to obtain additional feedback about the report card process and the methods used to report improvement. A process with more clarity will reduce the amount of training that district personnel require and the number of questions from parents regarding how progress is determined.

F8.9 ODE and other entities provide various resources and services to assist districts in academic watch and academic emergency, including the following:

- Educational Service Centers (ESCs) - ESCs provide services through small grants allocated to them by ODE. ESC superintendents obtain agreements with districts in their areas to provide these services. ESCs provide leadership in developing products and services to support AW and AE districts.
- Technical support coordinators (TSC) - There are approximately 75 persons functioning in this role, some of whom are ODE employees and some of whom are employees of educational service centers. Each TSC provides services to between one and ten districts.

- Regional professional development centers (RPDCs) - These centers primarily work to support the needs of academic watch and academic emergency districts. They participate in the regional coordination of technical assistance teams to ensure that the professional development priorities of the districts are met.
- Regional team leaders - The districts are divided into 12 regions, each of which has a regional team leader who coordinates technical assistance by various providers through a regional plan. Nine of the team leaders are employed by ESCs responsible for 10 regions and the remaining two regions are covered by ODE employees.
- Data training institute (DTI)- DTIs resulted from the request for proposals for tools and services that ODE sent to the ESCs. Muskingum Valley ESC submitted a proposal to provide three day training focused on helping district personnel analyze district performance data to improve student performance.

F8.10 The following identifies specific services provided by ORS and the entities or individuals described in **F8.9** during development and implementation of the CIPs:

- Sixteen CIP training sessions attended by 476 school personnel throughout the state to assist school districts in the process for developing their CIPs;
- Two performance accountability training sessions for technical support coordinators to explain the grade card scoring, the SUI, and how the districts should compute improvement to reach the next level of performance (rating category) or avoid site visits, appointment of a school improvement guidance panel and appointment of a school improvement specialist;
- Twenty-four three-day workshops at Muskingum Valley ESC for 495 school personnel to provide hands-on computer-based data analysis of the report card;
- An interactive network spreadsheet that allows the districts to project future grade card scores;
- Published materials and downloadable documents at ODE's Web sight including: (1) Continuous Improvement Planning Basic Guidelines, (2) A Continuous Improvement Planning Action Plan Form, and (3) A Continuous Improvement Planning Reference Guide;

The reference guide is designed to help Ohio school districts develop the continuous improvement plan. The guide contains visual illustrations, worksheets, examples and

other tools to assist the various planning teams with their development of the district's CIP;

- Continuous improvement grants to assist with continuous improvement plan development and implementation; and
- Regional review teams (or peer evaluations) were made available to review the districts' CIP prior to submission to ORS. Ninety-six of the 200 academic watch and academic emergency districts chose to participate in the regional review for either quality or pre-state compliance review.

F8.11 ORS created an Interactive Continuous Improvement Plan (iCIP) prototype for school districts to use beginning in March 2000. Approximately 204 (35 percent) of the 576 school districts required to prepare a CIP used some portion of the interactive CIP software as of June 30, 2000. As of July 3, 2000, 17 districts used the iCIP to submit their CIPs. To use the iCIP, the district needs a computer, internet access, and a browser. Interactive technical assistance included regional workshops, email, and telephone consultation jointly provided by ODE and Ohio SchoolNet (OSN). ODE obtained feedback from the districts and as a result, OSN has been contracted to continue development of the iCIP. OSN began meeting every two weeks with 10 field persons familiar with iCIP. OSN will be conducting 12 focus groups within each of the 12 technical assistance regions, to gather input on the existing tool.

C8.1 ODE has directed many resources toward development and improvement of the iCIP. Upon implementation of the prototype, ODE solicited feedback from the users. In response to the users' comments, ODE is using individuals who understand the iCIP process to make improvements. This initiative shows ODE's commitment to making the iCIP a more valuable tool to the CIP process.

F8.12 **Table 8-2** summarizes the results of a customer satisfaction survey of randomly selected academic watch and academic emergency districts, other than urban initiative districts, who were eligible to use various services of ORS in the development of their CIPs. Thirty superintendents were surveyed and 83 percent (25) responded. See **appendix A** for a summary of the entire survey.

**Table 8-2: Districts' Satisfaction Survey of CIP
Support Services Provided by ODE**

Assistance Provided by ODE	Percentage of Districts using Assistance	Usefulness/Quality of Assistance		
		High	Moderate	Low
Interactive CIP	24%	33%	50%	17%
Services of Technical Support Coordinator (TSC)	92%	65%	26%	9%
Regional Review	52%	62%	23%	15%
CIP Training	80%	35%	55%	10%
Published Materials (e.g., CIP Reference Guide)	96%	50%	42%	8%
Internet Publications/Tools (e.g., SUI worksheet)	44%	55%	27%	18%
Performance Incentive Grant	44%	82%	18%	0%
Continuous Improvement Development Grant	48%	75%	17%	8%
Continuous Improvement Implementation Grant	68%	88%	6%	6%
Continuous Improvement Continuation Grant	12%	67%	13%	0%
Data Training Institute (Muskingum County)	76%	63%	11%	26%

Source: AOS Surveys

The most frequently used services by the 25 responding districts were published materials (96 percent), TSC services (92 percent), and the CIP training (80 percent). The Continuous Improvement Continuation Grant (12 percent) and the interactive CIP (23 percent) were the least used services. Ninety percent of the districts using CIP training service considered it to be high to moderate in usefulness and quality. Ninety-one percent of the districts using the TSC services considered them as high to moderate in usefulness and quality of assistance. The Data Training Institute was rated as low usefulness and quality by 26 percent of the districts. Although, TSC services were rated high, 12 percent of the respondents indicated that they would like more ongoing service and support from the TSCs. Additionally, 24 percent indicated a desire for additional funding for training, professional development and CIP implementation (See recommendation **R8.2**).

- F8.13 Based upon the school district surveys as well as superintendent focus groups, there are areas where the CIP services appear to be lacking in quality and usefulness. Twenty-eight percent (seven) of the districts indicated that they needed more service from ODE with reviewing, improving and implementing the CIPs and curriculum alignment. Twenty percent (five) of the districts indicated that the TSC services were valuable but were limited by the TSCs workload. Comments during the focus groups indicated that ODE should dedicate more time

to monitoring and oversight and provide direct contact throughout this process. Additionally, conversations with various school districts indicated that, while the concept of the iCIP was good, the system was not user friendly (See recommendation **R8.2**).

F8.14 ORS requested that the academic watch and emergency districts rate the TSCs in five areas: reliability, cooperation/commitment, responsiveness, empathy and confidence. ORS received feedback from 73 districts over the period from January to June 2000. **Table 8-3** summarizes the results of the ORS survey.

Table 8-3: ORS Survey on TSC Services Results

	Significantly Exceeded Expectations	Somewhat Exceeded Expectations	Met Expectations	Somewhat Failed to Meet Expectations	Significantly Failed to Meet Expectations
Reliability	56%	18%	21%	4%	1%
Cooperation/Commitment	55%	25%	14%	2%	4%
Responsiveness	54%	25%	13%	4%	4%
Empathy	64%	13%	19%	1%	3%
Confidence In TSC	62%	21%	10%	4%	3%

Source: ORS district feedback summary

In each area, TSC services either met, somewhat exceeded or significantly exceeded the expectations of 92 to 96 percent of the districts surveyed. Based upon the responses indicated in **Table 8-2** and **Table 8-3** and school district surveys, ODE is adequately providing TSC services. However, some improvements could be made in the areas of confidence and responsiveness.

R8.2 ORS should evaluate all of the services provided to school districts in comparison to the needs of the school districts to determine methods for enhancing the services provided. The evaluation should focus on school districts' satisfaction with the CIP training, internet publications, and regional review and implement measures to improve these services. OSN and ODE should continue their efforts to improve the iCIP process (see **F8.11**). Additionally, ODE should review the services with low usage such as the iCIP and the continuous improvement continuation grant to ensure that the services being offered are relevant to the CIP process. ODE should consider the following to enhance its services:

- Provide more assistance with improving and expanding the CIP;
- Provide additional ongoing service and support from the TSCs;

- Coordinate networking opportunities to facilitate the sharing of ideas; and
- Share the data that ODE has accumulated to communicate ideas and strategies that have proven successful throughout the state.

Making enhancements to the services should increase the perceived value and quality of services and assist districts to develop more effective plans to improve the academic performance of their students.

F8.15 ODE's review process of the CIP is comprised of a series of checklists to assess compliance with statutory requirements but does not include or require a review for quality. ORS developed an instrument to evaluate the districts' CIPs based upon the twelve components of the CIP. ORS reviews the CIPs along with the supporting documentation. The CIPs are reviewed for the following components which are required by the intervention rule 3301-56-01 of the Administrative Code:

- A mission statement adopted by board action;
- An advisory panel established to serve students and their families;
- Annual performance goals and benchmarks established for each building in the district;
- Factors identified and analyzed that contributed to the district's failure to meet standards;
- Priorities for improvement;
- Corrective actions developed specifying strategies to be used to address the problem;
- Resources to be allocated and spending priorities to address the problem;
- A time line and a process established for implementing the CIP;
- At least one public hearing with proper notice conducted preceding board adoption of the CIP;
- Copies of the CIP made available to the public;
- A time line and a process established for monitoring, reviewing, and modifying the CIP; and
- A method established to annually report the results of the CIP to the community.

For each component evaluated, the evaluation instrument provides for a location cross-reference to the CIP and an indication as to whether the CIP meets the component requirements. If the requirements are not met, then the modifications or additional information needed are indicated. A review of the CIP files indicated that the evaluation instrument was used to review each of the CIPs. However, all reviewers did not make use of the location cross reference. Therefore, it was difficult for AOS to determine where some of the items were addressed in the plan.

R8.3 ODE should ensure that its CIP review process requires an assessment of the quality of the CIP document. The quality review of the CIP should include an assessment to determine if the goals and strategies of the plan are reasonable and, when properly implemented, will lead to improvement in the students' academic performance. For example, one requirement of the CIP plan is to develop performance goals and benchmarks. ODE should review those goals and benchmarks to determine if they are relevant and likely to produce the desired results. ODE should also review the CIP for evidence of best practices as indicated by data collected by ODE from successful school districts across the state. Focusing attention on quality, in addition to technical compliance, will allow ODE to gain reasonable assurance that the necessary results will be achieved.

F8.16 ODE does not have a standard template for the districts to use when preparing their continuous improvement plans. The formats in which the plans were created varied significantly among districts. ODE indicated that each district and its TSC had latitude to determine the best way to present its CIP and ODE's main responsibility was to communicate what needed to be included and determine compliance. However, the lack of a standard format, may have increased the time necessary to review the CIPs and the possibility of inconsistent reviews.

R8.4 ODE should develop a standard format to be used by the districts when completing CIPs. Latitude should be available to a district when a condition exists within the district that requires a variance from the standard presentation format. A standard format would facilitate the school districts' preparation of the plans as well as the review process. ODE should obtain districts' input into developing and improving the CIP format.

F8.17 Approximately 30 individuals comprised of staff from ORS, Regional Professional Development Centers (RPDC) and Regional Team Leaders collaborate to evaluate district CIPs. A team method was used to complete the evaluation where each team was assigned specific components to review. ORS found that this evaluation process enhanced consistency in the evaluation of the CIPs. A second evaluation was conducted for quality assurance and data compilation.

District superintendents and board presidents were notified of the results of their respective district's CIP with the designations "meets state requirements" or "needs modification" to meet state requirements. ORS sent out 19 modification letters that were primarily related to questions about advisory panel membership and issues relating to how the public hearing was conducted. Those districts that needed to modify their CIPs were given 45 days to respond. See recommendation **R8.3** regarding the implementation of a quality review of CIPs.

F8.18 In collaboration with ORS, the Fiscal Assistance (FA) Section of the Division of School Finance reviews the CIPs for academic watch and academic emergency districts to determine

what impact the financial components of the CIP might have on the five-year financial forecast. If the financial component of the CIP is significant, FA will work with the district to develop a new five-year forecast and assist the district in developing strategies to reduce or avoid any financial risk.

In addition, the Urban School Initiative (USI) office, in collaboration with ORS, coordinated CIP activity with the 21 urban initiative school districts. The USI office, which is no longer in existence, had a staff of five educational consultants that individually and routinely interacted with four to five urban school districts. Because of the familiarity with the urban districts, USI educational consultants received training in CIP and data analysis in conjunction with ORS to support the urban districts they serve.

C8.2 Collaboration among various ODE departments leads to greater coordination of efforts, efficient use of resources and effective service to school districts. Collaboration between ORS and FA provides for alignment between academic programming and fiscal resources. Where mis-alignment exists, advanced warning provides time to make appropriate adjustments. Collaboration between ORS and USI allows for the delivery of CIP services by an educational consultant familiar with the urban school district.

F8.19 ODE conducted site evaluations of academic emergency school districts from December 2000 through April 30, 2001. ORC 3302.04 (D)(1) requires that a site evaluation be initiated within 120 days of a district receiving the academic emergency designation. Additionally, site evaluations are to be performed on academic watch and academic emergency districts that fail to demonstrate satisfactory improvement or fail to submit a satisfactory CIP. ODE personnel stated that this requirement of 120 days was too short for the first year but should be reasonable in future years now that ODE has a process in place to conduct the evaluations and school districts have completed their CIPs. Additionally, a policy decision was made by ODE to delay the site evaluations to allow for the preparation of materials and a process that integrated the performance standards, CIP and site evaluation criteria within the Baldrige framework.

F8.20 ODE has determined the purpose of the site evaluations to be to review the development and implementation of the CIP, review the conditions in the district that support successful implementation of the CIP and student learning and to ensure that ORC requirements are met related to instructional time, teacher certification, pupil-teacher ratio and adequate materials and equipment to implement the districts curriculum. The outcomes include identifying strengths when district processes exist that would increase the likelihood for a successful CIP implementation and student learning and conversely, identifying opportunities for improvement. The site evaluation is designed to review conditions in the district as well as the documentation and implementation of the continuous improvement plan. The framework for the site evaluations contains the elements required by the ORC. A technical elements

report, completed by the district 30 days prior to the site visit, contains answers to questions related to the minimum standards. Additionally, there is a school district self-assessment tool that the districts complete by answering questions related to district performance in the following seven categories:

- Leadership,
- Strategic Planning,
- Student and Stakeholder focus,
- Information and Analysis,
- Human Resource focus,
- Management and district processes, and
- District results.

Upon completion of the site evaluations, a written report was submitted to the districts and to the technical support coordinator. The districts have 90 days to share the results with the public and to provide ODE with a written response. Areas of non-compliance with state minimum standards are required to be addressed. All other recommendations are suggestions that the district is encouraged, but not required, to implement.

C8.3 In addition to reviewing compliance with minimum standards and implementation of the continuous improvement plan, the site evaluations are focused on identifying and bridging the gap between compliance and quality. OSE has developed a “bridging the gap self assessment” which the districts also complete prior to the site visit. The self-assessment is designed to identify areas where just complying with the minimum standards may not be sufficient for students in a particular district to achieve high levels of performance.

R8.5 ORS should make the site evaluations a priority in the CIP process. ODE’s key function is to provide expertise and be an information resource to the districts. Although complying with the site evaluation legislation would have required that the evaluations take place while the districts are preparing CIPs, the findings of the reviews would have been useful to the districts while developing their CIPs. As currently implemented, the site evaluations occur “after the fact” and are of limited use to districts as they develop their CIPs. The evaluations were completed anywhere from 10 to 14 months after the designations which caused the districts to miss out on the benefits that could have been derived from incorporating results of the site evaluations into the first year of the CIP. Additionally, ODE could have immediately identified areas of non-compliance with the minimum standards which also may have had a direct impact on the districts’ academic performance.

F8.21 The site evaluation files were inconsistent among school districts. Some files included comprehensive documentation of support that was used to complete the evaluation while

other files contained minimal support. Therefore, it was difficult to assess if a consistent methodology was used when conducting the site evaluations.

F8.22 ODE does not have a process in place for appointing school improvement guidance panels. According to intervention rule 3301-56-01, based on consideration of the CIP evaluation findings, the superintendent of public instruction may appoint a school improvement guidance panel. The school improvement guidance panel performs the following:

- Directs an independent performance audit (conducted by any independent organization) of the district's operations at the discretion of the panel;
- Provides direction for the revision of the CIP as necessary;
- Provides oversight of, and technical assistance for, the implementation of the CIP;
- Informs ODE and the district board quarterly of its actions and the district's progress; and
- Appoints and directs the activities of the school improvement specialist, who is to provide technical assistance to the district.

ORS held the first meeting to discuss the guidance panel process in June 2001. However, the superintendent decided to postpone the development of the guidance panel process until the changes to the academic standards and consequences for failing to meet performance standards consistent with S.B. 1 are finalized to determine if additional elements need to be considered.

R8.6 ODE should establish guidelines for appointing school improvement guidance panels. The guidelines should define the conditions which warrant appointment of a panel, such as a minimum number of strengths identified through the site evaluation process. The guidelines should also specify the composition of the guidance panels to ensure that all appropriate interests are represented and to ensure compliance with S.B. 1.

F8.23 **Table 8-4** shows budgeted staff positions for ORS as of May 2001.

Table 8-4: Approved Staffing Levels for the Office of Regional Services

Position	Number of Staff	FTE's Related to:	
		CIP	Other Activities
Executive Dir.	1.0	0.5	0.5
Associate Dir.	1.0	0.7	0.3
Assistant Dir.	3.0	2.0	1.0
Educational Consultants	12.0	9.0	3.0
Support Staff	4.0	3.0	1.0
Total	21.0	15.2	5.8

Source: Regional Services Personnel

Currently ORS is budgeted for 12 educational consultants and four support staff with one educational consultant vacancy and two support staff vacancies. During focus groups, superintendents and treasurers provided positive feedback on the technical support coordinators. However, participants indicated that ODE personnel did not provide sufficient direct field support to the districts. As a result, the quality of ODE's services was perceived to be low. See the **Customer Service** section for additional information on the customers' quality perceptions. In an effort to provide more support and a greater connection to the field, ODE is developing a new role of liaison that will be a point of contact at ODE for the regional teams. The liaison role will be fulfilled by educational consultants who will be expected to spend time on a regular basis out in the field assisting with the monitoring of the implementation of the plans.

R8.7 ORS should hire one educational consultant to coordinate the work of the liaisons in the 12 regions. Because the workloads associated with CIPs is not equitable between regions, one role of the new consultant should be to monitor the time commitments of the liaisons and help to ensure a more equitable distribution of work. ODE should also assess the need for additional liaisons in regions with high numbers of districts required to develop CIPs. Having ODE personnel in the field on a regular basis will allow the districts to have more direct contact with ODE and should foster a better working relationship. Additionally, ODE will be more aware of customer/stakeholder needs and concerns, have the ability to ensure that processes are consistent across the state, and better ensure that best practices are being shared among the regions.

Financial Implication: According to ORS, the salary for an educational consultant is approximately \$60,000 plus benefits. Therefore, hiring one educational consultant would cost approximately \$78,000.

Economy and Efficiency Plans

F8.24 H.B. 215 required that the 21 urban school districts submit an economy and efficiency (E&E) plan within six months (183 days) of the release of the required performance audit to be eligible to receive the urban initiative funding. The plan was to be approved by the Superintendent of Public Instruction (Superintendent) and the Office of Budget and Management (OBM). Initially, Urban School Initiatives (USI) had the responsibility of reviewing and approving the plans. USI staff performed the following:

- Collaborated with AOS to disseminate instructions, a model, and criteria for the development of an economy and efficiency plan to the school districts;
- Acted as the liaison between urban initiative school districts and ODE;
- Provided technical assistance to the districts;
- Monitored implementation as it related to the district's CIP; and
- Evaluated the E&E plans submitted by the districts.

F8.25 The E&E plans were to be designed to address fiscal responsibilities of the districts and be consistent with the recommendations contained in the performance audits. In the spring of 1999, the Superintendent of Public Instruction delegated final approval of the plans to the Office of Fiscal Assistance (FA). USI and FA worked together to determine the criteria for reviewing the plans. FA staff performed the following:

- Evaluated the E&E plan;
- Monitored the implementation of the district's E&E plan to the extent that it impacted the district's five-year forecast; and
- Provided oversight of the economy and efficiency plan process.

F8.26 ODE did not have a formal E&E plan evaluation instrument to document the findings from the review of the E&E plan. USI and Fiscal Assistance used criteria to evaluate each section of the E&E plan such as implementation strategies, methods for updating plans, and methods for addressing performance audit recommendations. Sections of an E&E plan included the following:

- Background and district overview;
- Methodology; and
- Topical areas as provided by the performance audit report (financial systems, human resources, facilities, transportation, and technology utilization).

USI and FA reviewed the plans and then communicated with the Office of Budget and Management. Findings were reported to district officials with the request that appropriate modifications be made to the districts' E&E plan. However, there was no formal documentation of the findings other than the letters of approval/disapproval sent to the districts. Without formal documentation procedures, the evaluations were inconsistent, making it difficult for ODE to address questions from the districts. Additionally, it is difficult to determine that each plan was effectively reviewed.

R8.8 When ODE is designated with the oversight and review of a process, the criteria used and the findings of the review should be documented consistently among all evaluators. While it is necessary to have good verbal communications between the individuals involved in the effort, documentation helps to support the findings and provides an audit trail in the event that there are future questions about the process or the findings. Additionally, formal documentation enables ODE to support the actions it has taken in response to legislative requirements.

F8.27 **Table 8-5** shows the urban initiative districts and the status of their economy and efficiency plans.

Table 8-5: Urban Initiative Districts' Economy and Efficiency Plan Status

Urban Initiative District	Release of Performance Audit Report ¹	Due Date of Economy and Efficiency Plan	Receipt of District's Economy and Efficiency Plan ²	Days Required to Complete the Plan	ODE Approval ²
Akron CSD	10/14/98	4/14/99	5/1/99	199	11/2/99
Canton CSD	4/9/99	10/8/99	10/8/99	182	2/22/00
Cincinnati CSD	10/15/98	4/16/99	5/15/99	211	6/28/00*
Cleveland CSD	3/15/96	10/30/97	³	N/A	³
Clev. Hts.-Univ. Hts. CSD	7/15/99	1/14/00	1/4/00	173	N/A
Columbus CSD	9/23/98	3/25/99	3/31/99	189	11/2/99
Dayton CSD	5/24/99	11/23/99	11/24/99	184	1/18/00
East Cleveland CSD	6/2/99	12/2/99	11/1/99	152	7/10/00
Elyria CSD	6/18/98	12/18/98	1/15/99	211	12/21/99
Euclid CSD	7/14/99	1/13/00	2/14/00	215	6/28/00
Hamilton CSD	3/12/98	9/12/98	9/1/98	173	12/21/99
Lima CSD	7/2/99	1/1/00	5/10/00	313	7/10/00
Lorain CSD	8/12/98	2/11/99	3/1/99	199	12/21/99
Mansfield CSD	7/13/99	1/12/00	11/5/99	115	6/8/00
Middletown-Monroe CSD	7/1/99	1/13/00	12/13/99	165	7/10/00
Parma CSD	4/20/99	10/19/99	10/15/99	178	1/24/00
South-Western CSD	3/11/99	9/10/99	11/23/99	257	6/28/00*
Springfield CSD	4/15/98	10/15/98	12/15/98	244	12/21/99
Toledo CSD	11/18/98	5/20/99	5/26/99	189	11/2/99
Warren CSD	7/29/99	1/28/00	2/1/00	187	5/8/00
Youngstown CSD	12/20/96	10/30/97	³	N/A	³

Source: ¹ AOS and ² ODE

* Indicates Approval of Revised Plan

³ ODE could not provide dates

Nine of nineteen districts submitted the E&E plan to ODE within six months (183 days). According to ODE, the districts were in the middle of developing CIPs at the time they were also required to develop and adopt an economy and efficiency plan. Districts were in various stages of this process. It was important that the CIP be completed and approved and incorporated into the E&E plan. The majority of the districts had completed E&E plans within the six month time period, but due to staffing changes and limited staff in some districts, extensions were granted so that the E&E plan would be an effective document. According to ODE, although all of the plans were not finalized, all 21 districts submitted drafts of their E&E plans within the six month time frame.

Nine of the nineteen plans were approved six months or more from the date the plan was received. Two of these plans were approved approximately one year after receipt. According to previous USI consultants, some of the delay in receiving and approving the E&E plans was also caused because the districts did not know where to send the plans. Initially, the plans were sent to USI. However, ODE changed the procedure and it was not communicated effectively to the school districts. Some school districts sent the plans to the AOS, OBM and the Superintendent's office. According to FA staff, when FA began approving the plans, some of the plans had sat for a year. However, ODE staff could not provide an explanation of why the procedures were changed.

R8.9 ODE should ensure that procedures are properly communicated to all parties involved and that plans are reviewed and approved in a timely manner. Allowing plans to sit for up to one year waiting for approval reduces the importance associated with the process and decreases the likelihood that proposed actions will be implemented. When it is necessary to change the process, ODE should first consider the impact that the change will have on the constituents as well as the effect such a change will have on the ultimate goal of the process being achieved. If a change must be made internally, ODE should attempt to make it as transparent to the customer (the school districts) as possible. For example, throughout the changes in the E&E process, USI continued to be heavily involved. Therefore, ODE could have allowed the school districts to continue to submit the plans to USI staff who then could have guided the documents through the process. Maintaining a consistent process and point of contact will help to ensure that documents are reviewed and processed in a timely manner.

F8.28 Five USI educational consultants were designated as liaisons between urban initiative school districts and ODE to communicate with urban school districts on efficiency and economy plan issues. Bi-monthly meetings were held in Columbus between USI educational consultants and urban initiative school district representatives. The USI office was dissolved after the 1999-00 school year. However, ORS staff indicated that beginning with the 2000-01 school year, the Technical Support Coordinators assigned to urban districts continue to support and monitor both the implementation of the E&E plans and the CIP. However, no documentation was provided to support the monitoring of the plans.

F8.29 Based upon conversations with ODE staff, there appears to be confusion as to the role of ODE with the E&E plans. FA staff indicate that there is no longer any communication with the districts regarding E&E plans. However, due to financial conditions in Dayton CSD, Parma CSD and Lorain CSD, FA continues to monitor the fiscal aspects of these districts by reviewing their procedures to ensure that they are implementing cost savings and budget reductions. ODE staff indicated during conversations that the urban initiative funds were distributed, the plans were completed and now the E&E process is complete. ODE staff could not understand why AOS was reviewing the E&E plan process at this time.

R8.10 When ODE is assigned statutory oversight and review responsibilities, staff should ensure that those responsibilities are carried through. ODE staff should be provided with a clear understanding of their roles and be held fully accountable for carrying them out. The E&E process was designed to allow for efficient monitoring of progress. Some of the E&E plans were five year plans and should have been monitored on an ongoing basis. However, ODE's untimely and inconsistent response detracted from the potential effectiveness of the process and indicated that the E&E plan review and implementation was not a priority.

ODE should consider managing its monitoring and oversight functions from a single office to ensure greater accountability. This office should prioritize ODE's various monitoring and oversight processes in an effort to improve current shortcomings. This effort should include the identification of required monitoring and customer service points and reflect the results of customer satisfaction surveys to ensure that customer needs are adequately addressed.

Fiscal Caution, Fiscal Watch and Fiscal Emergency

F8.30 S.B. 345 enacted legislation creating fiscal caution, an additional fiscal designation to the existing fiscal watch and emergency designations required under ORC § 3316. Pursuant to ORC § 3316.031, the state superintendent of public instruction may declare a district to be in fiscal caution if fiscal practices and budgetary conditions exist within the district that, if uncorrected, could result in a future declaration of fiscal watch or emergency. The AOS may conduct a performance audit of a school district that is under fiscal caution upon its own initiative or at the request of the superintendent of public instruction. Portsmouth City School District is the first district to be declared in fiscal caution and is in the process of having a performance audit conducted by AOS. East Cleveland City School District has also been placed in fiscal caution and has undergone a performance audit as part of the urban district initiative.

F8.31 **Table 8-6** lists the school districts that have been declared to be in a state of fiscal watch, the current status and the condition which determined declaration.

**Table 8-6: Districts Declared in Fiscal Watch
and Condition Determining that Status**

District	Location by County	Date Declaration	Date Removed	Condition Determining Fiscal Watch
Bloom-Carroll LSD	Fairfield	10/23/96	05/25/99	Certified Operating Deficit
Canton LSD	Stark	10/23/96	10/28/99	Certified Operating Deficit
North Royalton CSD	Cuyahoga	10/23/96	10/08/97	Certified Operating Deficit
East Liverpool CSD	Columbiana	10/28/96	04/03/00	Certified Operating Deficit
Avon Lake CSD	Lorain	10/31/96	06/23/00	Certified Operating Deficit
Groveport Madison LSD	Franklin	02/12/97	03/16/01	Certified Operating Deficit
Madison LSD	Richland	03/27/97	04/27/00	Certified Operating Deficit
Coventry LSD	Summit	05/15/97	N/A	Certified Operating Deficit
Mathews LSD	Trumbull	01/26/98	04/19/00	Certified Operating Deficit
Buckeye Valley LSD	Delaware	01/26/98	N/A	Certified Operating Deficit
Cleveland CSD	Cuyahoga	09/09/99 ¹	N/A	Formerly in State of Fiscal Emergency
Williamsburg LSD	Clermont	04/09/01	N/A	Certified Operating Deficit

Source: Auditor of State

¹ Cleveland City School District was removed from fiscal emergency status and put in fiscal watch status on September 9, 1999 to remain in effect until all operating debt is paid.

For the districts that have been removed from fiscal watch, the average length of time in fiscal watch status was approximately 33 months with a range of 12 months to 44 months. Cleveland CSD was formerly in fiscal emergency status and was subsequently changed to a state of fiscal watch. For districts moved from fiscal watch status to fiscal emergency status, see **Table 8-11**.

F8.32 A school district declared to be in a state of fiscal watch is required to submit a financial recovery plan to the Superintendent of Public Instruction (Superintendent) within 60 days of the AOS's declaration. Pursuant to ORC 3316.04 (A), the district's board must prepare and submit to the Superintendent a financial plan delineating the steps the board will take to perform the following:

- Eliminate the district's current operating deficit;
- Avoid incurring operating deficits in ensuing years; and
- Implement spending reductions.

The Superintendent must evaluate the initial financial recovery plan and either approve or disapprove the plan within 30 calendar days of its submission. If the initial financial plan is disapproved, the Superintendent must recommend modifications that will render the financial plan acceptable. No board may implement a financial plan unless the Superintendent of Public Instruction has approved the plan.

Upon request of the board of the district declared to be in a state of fiscal watch, the AOS and the Superintendent are required, pursuant to 3316.04(B), to provide technical assistance to the Board in resolving the fiscal problems that gave rise to the declaration, including assistance in drafting the board's financial plan. The financial plan adopted may be amended at any time with the approval of the Superintendent.

F8.33 The Superintendent has designated the Fiscal Assistance Section (FA) of the Office of School Finance to monitor and oversee school districts in fiscal watch or fiscal emergency. **Table 8-7** shows FTE's for each FA position as of June 30, 2000.

Table 8-7: Approved Staffing level for the Fiscal Assistance Section

Position	Budgeted Number of FTE's	Actual Number of FTE's	FTE's Related to:	
			Fiscal Watch/ Fiscal Emergency	Other Activities
Associate Dir.	1.0	1.0	.6	.4
Staff Consultants	5.0	3.5	1.8	1.7
Support Staff	2.0	1.5	.4	1.1
Total Full-time Staff	8.0	6.0	2.8	3.2
Intermittent Staff	7.0	4.0	2.0	2.0
Contract Staff	1.5	1.5	1.1	.4
Total	16.5	11.5	5.9	5.6

Source: Associate Director of Fiscal Assistance

To assist school districts, FA employs a variety of staff. FA was budgeted to employ eight full time staff: the associate director, two support staff and five education consultants; and 10 intermittent staff (seven FTE's). For FY 2000, FA used four FTE's of intermittent staff compared to seven budgeted FTEs. According to FA, intermittent staff members and

contractors are generally retired school administrators who provide flexibility when making assignments. FA monitors districts receiving loans from the solvency assistance fund, assists school districts with fiscal matters and provides in-service financial management seminars to district administrators.

Fiscal assistance is currently under reorganization. FA plans to decentralize its services by aligning them with the nine existing area offices. There will be one Director responsible for the area offices and the fiscal assistance office located centrally in Columbus, three full time consultants and support staff. Intermittent staff equivalent to 2.0 FTEs will be located centrally and assigned to fiscal emergency, watch and caution districts. Additionally, there will be 0.5 FTE intermittent staff providing fiscal assistance in the area offices. Fiscal assistance related to staffing analysis, two year financial analysis, five-year forecasts and reviewing financial recovery plans will be performed by the area offices with the assistance of a fiscal consultant. Coordination of fiscal accountability management, quality control and the solvency assistance program will be the responsibility of the central office in Columbus.

F8.34 **Table 8-8** shows the school districts declared to be in a state of fiscal watch and the status of their financial plans as of May 11, 2001.

Table 8-8: Districts Declared in Fiscal Watch and Status of Financial Plan

District	Date of Declaration by AOS	Date of Initial Submission by Board	Date of Initial Approval/ Disapproval	Date of Re-Submission by Board	Date of Final Approval
Bloom-Carroll LSD	10/23/96	12/23/96	1/7/97	1/17/97	1/27/97 ¹
Canton LSD	10/23/96	12/20/96	1/7/97	1/22/97	2/18/97 ¹
North Royalton CSD	10/23/96	11/27/96	1/7/97	2/19/97	2/19/97 ¹
East Liverpool CSD	10/28/96	12/20/96	1/7/97	2/26/97	2/26/97 ¹
Avon Lake CSD	10/31/96	12/20/96	12/24/96	2/27/97	2/27/97 ¹
Groveport Madison LSD	2/12/97	4/8/97	5/12/97	N/A	5/12/97
Madison LSD	3/27/97	5/21/97	5/27/97	7/24/97	7/24/97 ¹
Coventry LSD	5/15/97	7/14/97	7/14/97	N/A	7/14/97
Mathews LSD	1/26/98	3/27/98	4/26/98	5/26/98	5/26/98 ¹
Buckeye Valley LSD	1/26/98	3/27/98	4/26/98	5/26/98	5/27/98 ¹
Cleveland CSD ²	9/9/99	N/A	N/A	N/A	N/A
Williamsburg LSD	4/9/01	5/22/01	N/A	N/A	N/A

Source: Superintendent of Public Instruction

¹ Designates financial recovery plans initially rejected

² Cleveland City School District was removed from fiscal emergency on 9/9/99 and will remain in fiscal watch until all operating debt is paid.

Each plan was initially submitted within the required timeframe and reviewed by FA within 30 days of its submission. The average time from date of declaration to date of submission was 54 days, with a range of 35 to 60 days. Districts that fail to submit an acceptable financial plan within 120 days of the AOS's declaration are declared in a state of fiscal emergency. Out of 10 recovery plans submitted, 80 percent (eight) were rejected and 20 percent (two) approved upon initial submission.

F8.35 FA has developed a fiscal oversight time line spreadsheet to monitor the status of fiscal watch school districts' financial recovery plans from the date of declaration through final approval of the plan. However, the time line showed some inconsistencies in the way

information was being reported. When a district is declared to be in fiscal watch, the date of declaration is documented along with the due date of the financial recovery plan. When the financial recovery plan is received, the receipt date and the review deadline are documented. Upon review by FA, the date of approval or rejection is documented. The date that the plan is initially received by FA is documented and if the plan is rejected and then resubmitted by the school district at a later date, the resubmission date was also documented. However, for two districts, Buckeye Valley and Mathews, there was only one date documented for receipt and review. The dates indicate that 60 days passed before FA reviewed the plan. When discussing this issue with FA staff, it was indicated that initial rejection and the re-submission dates were not documented and that all steps of the process were timely.

R8.11 FA staff should develop and maintain a consistent process for documenting information. FA should also enhance the fiscal oversight time line spreadsheet to include a reason why deadlines were missed, where applicable. For example, if a school district did not submit a plan on time or FA required more time for the review, the reason should be documented on the spreadsheet along with actions taken such as granting the school district an extension. All dates of submission, approval and rejection should be properly documented. This documentation can be used to perform analysis and determine aspects of the process requiring improvement.

F8.36 FA provides a variety of no-fee technical services to assist districts with their financial recovery plans, such as financial analysis, staffing analysis, assistance with financial and administrative planning, administrative organizational studies, management consulting, assistance in preparing budgets and appropriations, review and development of investment programs and in-service training for treasurers.

F8.37 **Table 8-9** shows the results of a customer satisfaction survey of randomly selected fiscal watch and fiscal emergency districts, other than urban initiative districts, which used various services provided by FA. Surveys were sent to 17 of the 24 districts that have been declared in fiscal watch or fiscal emergency from September 1996 to March 2000. Sixty-five percent (11) of the 17 districts responded to the survey.

**Table 8-9: Fiscal Watch and Fiscal Emergency Districts' Satisfaction
Survey of Fiscal Assistance Provided by ODE**

Assistance Provided by ODE	Percentage of Districts using Assistance	Usefulness/Quality of Assistance		
		High	Moderate	Low
Financial Analysis	82%	78%	22%	0%
Staffing Analysis	45%	40%	60%	0%
Projections of Resources and Expenditures	45%	80%	0%	20%
Resource Allocation	27%	67%	0%	33%
Cost and Expenditure Control	36%	50%	25%	25%
Cash Flow Projections	36%	100%	0%	0%
Facilities Analysis	18%	50%	50%	0%
Review and Development of Investment Program	0%	0%	0%	0%
Administrative Organization Study	9%	0%	100%	0%
Assistance in Preparing Budgets and Appropriations	18%	50%	0%	50%
Developing a Process for the financial plan	27%	67%	0%	33%
Gathering data for the financial plan	27%	67%	33%	0%
Analyzing the data for the financial plan	36%	50%	25%	25%
Developing appropriate conclusions for the financial plan	36%	50%	25%	25%
Drafting an appropriate financial plan	45%	60%	20%	20%

Source: AOS Survey

Eighty-two percent (nine) of the respondents used the financial analysis assistance and 78 percent found the service highly useful and of high quality. Forty-five percent used the projections of resources and expenditures and 27 percent used the resource allocation services. Fifty percent of the respondents that used data analysis and conclusion development services found the services to be moderate or low in quality and usefulness. Forty percent (two) of the respondents using the drafting service found it to be moderate or low in quality and usefulness. The least used services were review and development of the investment program (0 percent), administrative organization study (9 percent), facilities analysis (18 percent) and assistance in preparing budgets and appropriations (18 percent).

R8.12 Fiscal assistance should evaluate the services provided to school districts to determine the effectiveness of the assistance being provided. Focus should be placed on identifying why some services are rated low or moderate in usefulness and quality. Once the issues are identified, enhancements should be made to improve the quality of the service. Additionally, the services with low usage should be assessed to determine their relevance. The benefits of these services should be communicated to the districts. The school districts should provide input concerning the existing services and any additional needs. Addressing the specific needs of the districts will help ODE to be more effective and add value to the financial recovery process. According to a fiscal assistance staff consultant, the office has discussed the need to obtain feedback from the districts but has not done so at this time.

F8.38 ODE assigns on-site staff to fiscal watch and emergency districts to monitor restrictions on expenditures and the implementation of the financial recovery plan. A district being monitored under fiscal watch may not make any expenditures of money, employ any personnel, enter into purchase agreements or rental contracts, or increase any wage or salary schedule not reflected in the financial recovery plan without the prior written approval of the Superintendent of Public Instruction. The initial visit to the school district is typically one to two days. Subsequently, the monitor visits the district on a monthly basis for about two to five hours for the duration of the watch or emergency period.

The monitor consults with the administration and inspects business records, procedures and the minutes of the board of education to confirm the following:

- Ensure compliance with the financial recovery plan;
- Ensure that the district will not incur any expenses that will further impair its ability to operate an instructional program with available revenue from existing sources;
- Ensure that the district is employing sound business procedures by reviewing record of purchases and reports, and ensuring board policy compliance; and
- Ensure that continual progress is being made on the financial plan to avoid future deficits.

F8.39 FA has developed a report to facilitate the monitoring of districts in fiscal watch or emergency. The monitoring report is completed by the district and verified during each visit to the school district. The monitoring report requires information regarding cash flow, appropriations, purchase orders, payroll, expenditure deviations from current appropriations, board resolutions, bank statement reconciliations, and a general fund year-to-date summary. The report assists FA to identify areas that may require additional attention. An FA consultant and the associate director review the report and followup on any necessary items with the on-site monitor who, in turn, follows-up with the school district. District contact forms are also used as a tool to track the consultant activity with the districts. The contact

forms indicate date, district, contact person, purpose, type of contact (visit or phone call), description of contact, next step and the consultants signature.

- F8.40 The monitoring report and district contact forms are not being maintained for all fiscal watch and emergency districts. AOS staff reviewed the files (as of February 2001) of three fiscal watch and three fiscal emergency districts for evidence of on-site monitoring and district contact forms. **Table 8-10** illustrates the results of that review.

Table 8-10: Reports Included in Files as of February 2001

	Watch/ Emergency Period	Monitoring Reports	District Contact Forms
Buckeye Valley	1/26/98 - present	All months through January 2001	March and April 1999
Groveport Madison	2/12/97 - 3/16/01	November 1999 - January 2001	January-February 2000
Madison	3/27/97-4/27/00	None	None
Youngstown	9/20/96 - 3/30/01	None	None
Vermillion	3/24/99 - 8/18/00	None	None
Ledgemont	3/27/97 - present	None	None

FA staff could not explain why some of the forms were missing. Buckeye Valley files contained contact forms for March and April 1999, October-December 2000 and January 2001. Groveport-Madison files only contained forms for January-February 2000. Madison files did not contain any forms. FA staff indicated that the absence of forms for Madison may have been due to the fact that the district has been removed from fiscal watch since April 2000. Turnover was an issue that was continually cited by FA staff as the reason for disruptions in the processes and for not being able to answer questions about actions taken with school districts. Additionally, the use of district contact forms was not enforced. FA indicated that the Associate Director of FA is now requesting that the staff use these forms.

- R8.13** FA staff should require the use of on-site monitoring and district contact forms on a consistent basis. The district contact forms provide an effective method for documenting the contact that FA staff have with the school districts. The use of the district contact forms should be a training topic when familiarizing new staff with FA procedures. Staffing changes should not impact the quality of services provided nor the office's ability to support the efforts made to assist school districts in fiscal watch or emergency. Furthermore, as staff changes occur, the district contact forms will provide new consultants with the status of the school districts and provide guidance on what actions to take.

F8.41 **Table 8-11** shows the school districts declared to be in a state of fiscal emergency and the condition that determined the status.

**Table 8-11: Districts Declared in Fiscal Emergency
and Condition Determining that Status**

District	Location by County	Date of Declaration	Date Removed	Condition Determining Fiscal Emergency
Youngstown CSD	Mahoning	09/20/96	3/30/01	Unable to develop a financial recovery plan
Cleveland CSD	Cuyahoga	10/25/96	09/09/99	Unable to develop a financial recovery plan
Osnaburg LSD	Stark	03/27/97	10/22/97	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
Ledgemont LSD	Geauga	03/27/97	N/A	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
New Lexington CSD	Perry	09/17/97	10/12/00	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
Jackson-Milton LSD	Mahoning	04/20/98	N/A	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
Switzerland of Ohio LSD	Monroe	06/09/98	N/A	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
Olmsted Falls CSD	Cuyahoga	03/22/99	8/25/00	Unable to develop a financial recovery plan
Vermilion LSD	Erie	03/24/99	8/18/00	Unable to develop a financial recovery plan
Brooklyn CSD	Cuyahoga	04/28/99	N/A	Unable to develop a financial recovery plan
Massillon CSD	Stark	09/30/99	N/A	Formerly in fiscal watch, unable to develop an acceptable financial recovery plan
Southern LSD	Meigs	11/08/99	N/A	Unable to develop a financial recovery plan
Springfield LSD	Summit	02/11/00	N/A	Unable to develop a financial recovery plan
Northridge LSD	Licking	03/14/00	N/A	District was unable to develop a financial recovery plan
Lordstown LSD	Trumbull	12/08/00	N/A	Formerly in fiscal watch, unable to develop a financial recovery plan
Trimble LSD	Athens	1/31/01	N/A	Formerly in fiscal watch, unable to develop a financial recovery plan

Source: Auditor of State

The first two school districts to be declared in fiscal emergency were so designated because they were unable to develop a financial recovery plan. Both have since been removed from fiscal emergency. Cleveland CSD's status of fiscal emergency was changed to fiscal watch on September 9, 1999. Youngstown CSD implemented performance audit recommendations that resulted in savings of \$35 million since 1996 and was removed from fiscal watch on March 30, 2001. Of the 14 districts remaining in fiscal emergency, half failed to submit an acceptable financial recovery plan to the superintendent while under fiscal watch and the other half adopted a resolution informing the superintendent they were unable to develop a financial recovery plan within 120 days of fiscal watch declaration.

F8.42 Pursuant to ORC § 3316.05, a five member financial planning and supervision commission must be established for each district within fifteen days after the declaration of fiscal emergency. The commission membership includes the following:

- The Superintendent of Public Instruction or designee (who also serves as chairperson);
- The Director of Budget and Management or designee
- An appointment of the mayor or county auditor;
- An appointment of the governor; and
- An appointment of the superintendent of public instruction who is a parent of a child attending school in the district.

The responsibilities of the chairperson, fulfilled by the Superintendent's designee, are identified in the by-laws of the commission and include preparing the meeting minutes, calling and presiding over all meetings, and facilitating public participation at the meetings.

F8.43 Pursuant to ORC § 3316.06, the commission must adopt a financial recovery plan within 120 days after its first meeting. The financial recovery plan must include the following elements:

- Actions to eliminate all fiscal emergency conditions;
- Actions to satisfy any judgments, past due accounts payable, and all past due and payable payroll and fringe benefits;
- Actions to eliminate the deficits in all deficit funds;
- Actions to restore to special funds any moneys borrowed or improperly used;
- Actions to balance the budget, avoid future deficits in any funds and stay current in all accounts
- Actions to avoid any fiscal emergency condition in the future;
- Actions to restore the ability of the school district to market long-term general obligation bonds under provisions of law applicable to school districts generally;
- The management structure that will enable the district to take the above actions;

- Target dates for the above actions, with a reasonable time schedule for implementation; and
- The amount and purpose of any debt obligations that will be issued, together with assurances that any such debt obligations that are issued will not exceed debt limits supported by appropriate certifications by the fiscal officer of the school district and the AOS.

F8.44 The commission serves as the legislative body of the school district, instructing the school district and fiscal assistance staff in what actions to take throughout the fiscal emergency status. The functions of the commission include:

- Reviewing the tax budgets;
- Reviewing financial recovery plan supporting documentation;
- Inspecting documents and records;
- Providing assistance to the school district;
- Entering into all contracts and agreements necessary to perform its duties; and
- Making reductions in staff to bring the school district's budget into balance.

F8.45 Currently AOS and fiscal assistance provide similar services to fiscal emergency school districts. Services such as financial forecasting and staffing analysis are prepared both by fiscal assistance and AOS. The district treasurer also prepares a financial forecast.

R8.14 ODE and AOS should collaborate to align and consolidate similar services. They should coordinate efforts with the school district treasurer to develop one supported financial forecast. Each entity has knowledge and expertise that can be combined to develop an effective financial forecast. This collaboration should eliminate duplications of effort and result in a more consistent and concise product.

F8.46 AOS is not receiving all of the books and records of the commission when the fiscal emergency commission is terminated. Pursuant to ORC 3316.16, all the books and records of the commission must be delivered to AOS for retention and safekeeping upon fiscal emergency termination. According to AOS and FA staff, at the time that the commission requests termination, documentation is sent containing the following:

- Listing of the commission members;
- Copy of financial recovery plan;
- Five year financial forecast;
- Commission meeting dates and agendas;
- Resolutions passed; and
- Meeting minutes.

However, documents such as on-site monitoring reports, staffing analyses and financial analyses are not being submitted. A review of selected school district records maintained in the fiscal oversight office indicated that these items are included as discussion items in the agenda and minutes. In most cases, the minutes indicated that these documents were attached to the minutes. However, no documents were attached. In addition, at least three to four months pass from the time that a request for termination of fiscal emergency status is submitted to AOS to the date that the termination is granted. Upon termination, FA does not forward the records pertaining to that three to four month time period.

R8.15 FA staff should enhance procedures to ensure that all records are sent to AOS upon termination of fiscal emergency. All staffing analyses, financial analyses and on-site monitoring forms completed during the fiscal emergency time period should be considered a part of the commission records and forwarded to AOS. This procedure can be easily implemented because each time these forms are completed for a fiscal emergency district, copies are forwarded to the FA commission chairperson. The documents listed in **F8.46** are maintained in a notebook for each district. The FA secretary can incorporate these forms into the information already being maintained in the notebook. Since copies of all the information included in the notebook are sent to the AOS, these forms would then be included. Upon receiving the termination letter from AOS, the secretary should then copy all of the records dated subsequent to the request for termination. Enhancing the FA procedures will ensure that FA complies with the ORC and that all records are properly retained.

F8.47 The maintenance of FA records appears to be fragmented and inefficiently organized. When requesting to review all supporting documentation related to activities performed for fiscal emergency districts, AOS staff was informed that all records were maintained in the Cleveland FA office. However, upon visiting the Cleveland office, only the items listed in **F8.46** could be found. Cleveland FA staff stated that because staffing analyses, financial analyses and on-site monitoring forms were performed primarily by staff in the Columbus office, and these activities are not limited to fiscal emergency districts, the documentation is maintained in Columbus. Additionally, the Columbus office only maintains financial and staffing analyses for two years and then they are destroyed in accordance with the records retention schedule.

R8.16 FA should review its file maintenance procedures and consolidate all fiscal emergency records to be maintained in one office. Columbus FA staff indicated and provided support that copies of the documents are forwarded to the commission chairperson. However, these copies are not being incorporated in the notebook files in Cleveland (See **F8.46**). Consolidating the fiscal emergency files will improve the process of responding to constituents' requests for information and for following up on outstanding issues. It will also provide one point of contact for all information related to fiscal emergency districts.

F8.48 Pursuant to ORC § 3316.08, AOS must make a determination at least annually during the period of a fiscal emergency as to whether the district will be incurring an operating deficit. If AOS determines an operating deficit, such finding must be certified to the district's board of education; the superintendent; and the financial, planning and supervision commission. The board or commission must adopt a resolution to submit a ballot question proposing the levy of a tax under ORC § 5705.194, 5705.21 or Chapter 5748 for the purpose of paying current operating expenses in an amount required to eliminate the operating deficit, as determined by AOS, and to repay existing loans and advances, as determined by the financial planning and supervision commission.

School Voucher Programs

F8.49 The Cleveland Scholarship and Tutoring Program (CSTP) was created pursuant to ORC § 3313.975. The legislation authorized the Superintendent of Public Instruction to create a voucher program in school districts required by court order to be under State oversight. The program is intended to provide educational choice for students in kindergarten through eighth grade by providing scholarships and tutorial assistance grants to students.

In the initial year (1996-97) of the program, students could only use a scholarship to attend an alternative school in kindergarten through grade three. This was later expanded in Am. Sub. H.B. 215 § 50.45, to allow first year recipients of the scholarship to be in kindergarten through seventh grade. Any student who has received a scholarship in a preceding year may continue to receive a scholarship until the student has completed grade eight.

F8.50 The CSTP has two methods of monitoring the participating schools: 1) a letter of "Assurance of Compliance" and 2) site evaluations. The Assurance of Compliance is issued to both chartered nonpublic and chartered public schools that wish to participate in the program. It is used to verify that schools requesting to be registered meet the requirements outlined in ORC § 3313.976. The form serves as a written attestation of the chief school administrator that the school meets the requirements. Additionally, a site visit is made to the school prior to granting the registration to verify compliance. The following lists some of the items included on the assurance of compliance:

- The school currently meets, and will continue to meet, for at least as long as any scholarship student is enrolled, all applicable state minimum standards for chartered nonpublic schools in effect on July 1, 1992;
- The school does not discriminate by race, religion or ethnic background;
- The school enrolls a minimum of ten students per class or a sum of at least 25 students in all the classes offered;
- The school does not foster unlawful or advocate unlawful behavior against any person or group on the basis of race, ethnicity, national origin or religion;

- The school does not provide false or misleading information; and
- The school does not charge any tuition to families participating in the scholarship program in excess of ten per cent of the tuition, not to exceed \$250, which is 10 percent of the maximum allowed tuition for low income families.

F8.51 CSTP staff developed and implemented the site evaluations, beginning with the 1999-2000 school year, to monitor participating schools for compliance with the statutes and regulations governing chartered nonpublic schools. Upon completion of each school's site visit, a review report is prepared and submitted to the Superintendent and Deputy Superintendent of Public Instruction, Assistant Superintendent of Internal Operations and Risk Management, Director of the Office of School Options, Chief Legal Counsel and the Assistant Attorney General. Upon completion of all site visits, an executive summary report is prepared and submitted to the same distribution list. The purpose of the site evaluations is to ensure that schools are in compliance with minimum state standards for health and safety, as well as education and regulatory requirements of the CSTP.

If the charter school is found to be in violation of any requirements, it will not be registered with CSTP or, in the event that the school is a current participant, no payment will be made if serious violations exist. OSO performs follow-up visits to monitor schools that require corrective action. For example, Golden Christian Academy required a corrective action plan in seven of the 11 areas reviewed on January 20 and 26, 2000. A follow-up visit was conducted on March 17, 2000 resulting in improvements in three of the seven deficient areas.

F8.52 **Table 8-12** summarizes the results of the first annual CSTP school site evaluations conducted from April-June 2000. There were 52 schools at the end of the school year. However, schools with multiple campuses were reviewed as one school resulting in a total of 48 reviews.

Table 8-12: CSTP Schools 1999-00 Site Visit Compliance Results

Standard/Requirement	In Compliance	In Process of Compliance ¹	No Action ²
Building			
Boiler Inspections	67%	33%	0%
Fire Inspection	65%	33%	2%
Fire Extinguisher Inspection	90%	10%	0%
Health Inspection	67%	31%	2%
Cleanliness	94%	6%	0%
Repairs	83%	15%	2%
Education Programs			
Daily Schedule	100%	0%	0%
Graded Courses of Study	94%	6%	0%
School Calendar	98%	2%	0%
Staff			
Staff Roster	92%	8%	0%
Teaching Certificates	21%	79%	0%
BCI Checks	40%	58%	2%
CSTP Requirements			
Admission/withdrawal procedures	98%	2%	0%
Attendance/Enrollment	58%	42%	0%
Withdrawn Students Review	90%	10%	0%
Report Cards/Standardized Test	81%	15%	4%

Source: CSTP Review Executive Summary

¹ Indicates schools had already initiated action to rectify situation, such as made plans to do repairs during the summer months.

² Indicates schools that, at the time of the site review, had not taken any action to correct problem.

Sixty-seven percent of the school facilities had satisfactory fire inspections with no violations noted. Of the schools that had violations noted, the principals indicated that the fire violations had been corrected or would be corrected during the summer break. However, this review also indicates that 35 percent of the schools could potentially be operating schools in unsafe conditions with respect to fire codes, and 33 percent with respect to both boiler codes and health codes. Where possible, the reviewer did a visual check to verify

compliance. Seventy-nine percent of the schools had teachers that did not have teaching certificates. The majority of these were first year teachers who were in the process of obtaining the certification. Fifty-eight percent of the schools had teachers without Bureau of Criminal Identification and Investigation (BCI) reports. However, according to the schools, the BCI reports were in process. The areas where schools were in the process of compliance or had not taken any action are revisited during the next annual review. CSTP completed the site evaluations for the 2000-01 school year in April 2001.

R8.17 CSTP staff should continue performing the audits of the chartered nonpublic schools on an annual basis and more often when previous site evaluations require corrective action to ensure that areas of non-compliance are quickly rectified. The site evaluation is one of the key methods for monitoring the participating schools and should be used as a tool to hold them accountable. Upon completion of site evaluations, ODE should require time lines for compliance in all areas of non-compliance. The time lines should be outlined in the site evaluation report and followed up on accordingly. In areas that the school indicates are in process of compliance, such as teaching certificates, the reviewer should require documentation to support the school's statements.

F8.53 ORC § 3313.957 also required that an independent research entity conduct an evaluation of the Cleveland Scholarship and Tutoring Program. The Indiana Center for Evaluation (ICE) at Indiana University was contracted to perform this independent research. ICE's evaluation focused on process or descriptive factors and outcome or impact factors. Descriptive factors were related to family characteristics, parent's perceptions of the school, and characteristics of the school. Impact factors included the effects of the program on students, families, and schools. The study concluded the following:

- In general, the scholarship program seems to be serving the families for which it was intended; that is, minority families of low income;
- Further, the processes in place for selecting students to receive scholarships appear to be successful in giving first priority to low-income families;
- The majority of children who participate in the scholarship program are unlikely to have enrolled in a private school without a scholarship, seventy-five percent of the non-recipient applicants remained in public schools;
- Ninety-seven percent of both scholarship recipients and applicant/non-recipients felt satisfied with the scholarship program;
- The two most important factors in parents' decisions to pursue a scholarship were improving the quality of their children's education and school safety;
- Non-returning students had been achieving at significantly lower levels than their peers. None of the non-returning students enrolled in other Cleveland area schools suggesting they may have left the Cleveland Municipal School District; and

- After two years, students who had attended a public school prior to entering the scholarship program experienced limited but positive effects on achievement.

F8.54 In September 1999, KPMG released its report on the Cleveland Scholarship and Tutoring Program. Their observations, commendations and recommendations were enumerated in the areas of organization & governance, outreach and communication methods, data collection and management practices, record keeping and management, funding and payment processing, and transportation systems.

Many of the commendations related to work in progress under the new director in the areas of human resource and job analysis; introduction of program management concepts to employees; necessary updates to the process and procedures manual being identified; changes to the application process to include proof of income, residency and guardianship; recognition of need for a publicity strategy; recognition of need to adopt approved records retention and associated control practices; and recognition of initial IT deficiencies and intent to correct.

F8.55 KPMG's report included the results of a parent survey. Of the fifteen hundred questionnaires sent, 323 (21.5 percent) parent/guardians responded. Seventy-three percent of the responses were from parents/guardians whose children were in the scholarship voucher program two or more years. Fifty percent of the parents/guardians learned of the program through Head Start or school while 27 percent learned of the program through word of mouth. Only 44 percent of the respondents considered the program's advertising campaign to be above average or excellent. Overall, 74 percent of the respondents rated the CSTP staff as above average or excellent in responding to inquires.

F8.56 **Table 8-13** presents some of the key findings from the KPMG management study and the processes that have been implemented in response to the recommendations but no documentation was provided to assess.

Table 8-13: KPMG Management Study Key Recommendations and Implementations

Issue	Recommendation	Status of Implementation
Goals for the CSTP were identified by ODE in interviews, however, there is not evidence of a documented strategic plan to achieve these goals	Develop and document a strategic action plan for the CSTP	In progress: Staff attended Baldrige training and is using this method for planning
The culture and practice of performance measurement is not pervasive throughout the CSTP	Institute performance measurement into the program management process.	In progress
The CSTP director recognizes the need for a publicity strategy.	Develop and document a coordinated outreach/communications strategy to ensure that the CSTP is reaching its intended audiences effectively	In progress
Parental endorsement of scholarship warrants are difficult to obtain and the tutor payment process is unnecessarily time-consuming	Encourage the schools to obtain signature authority from the parents. CSTP should work with ODE and legislative entities to determine a feasible alternative to the inefficient payment process.	Planning. Parent signature authorities will not be addressed until pending cases related to the voucher program are settled.

Source: KPMG Management Study Draft and ODE recommendation implementation status report

One of the biggest problems identified in the KPMG report was the difficult and time-consuming process of getting payments to schools and tutors. School administrators have difficulty in obtaining parental endorsement on scholarship warrants.

Warrants for tutors are issued twice per year and must be co-signed by the parent/guardian. In addition, parents/guardians must sign a confirmation letter subsequent to receiving service to confirm that service was provided in order for payments to be released. Individual tutors are responsible for determining the method for collecting the parent or guardian's signature and the parent or guardian's portion of the tutoring cost. KPMG made numerous recommendations including sending the warrant directly to the tutor for the entire amount and the parent/guardian's portion being collected by CSTP.

The CSTP director has accepted the KPMG management study and developed a recommendation implementation status report. The report template identifies the

recommendation and its reference number, the current implementation status (complete, in process, planning) and comments. Of the 26 identified recommendations, the CSTP director reported 6 as completed, 16 in process, and 4 in planning status. Many of the recommendations require support and approval from other state agencies and/or the legislature.

R8.18 CSTP should develop a more detailed internal worksheet to identify responsible parties, time frames and performance measures related to the implementation of the KPMG recommendations. The implementation status report prepared by CSTP is a good summary of the on-going implementation of KPMG's recommendations. However, identification of performance measures will help to identify the required processes and resources necessary to fulfill the recommendations.

F8.57 The AOS conducted a special audit of the voucher program in 1999. **Table 8-14** presents some of the key findings from the special audit and the processes that have been implemented in response to the recommendations.

Table 8-14: Summary of AOS 1999 Special Audit

Finding/Recommendation	ODE Action
There are no written procedures specifically outlining and identifying the type of documentation necessary to verify proof of residency. CSTP should develop written procedures to require documents prepared by a third party that cannot be changed without proof	ODE established written policies and procedures that indicate the following items as sufficient proof of residency: recent utility bill, lease or rental agreement, ADC letter, SSI letter, mortgage statement. The procedures also address issues of homelessness. Additionally, the items are outlined in the application packets. (See F8.60)
CSTP should perform an additional verification of residency during the school year based on the same written procedures for verification.	ODE adopted the mid-year enrollment verification form. The verification form states that if the address has changed, to submit proof of residency. (See F8.63)
As the law is presently written, all individuals who apply for a scholarship are income eligible for the program. ORC should be clarified. Procedures should be adopted to safeguard against applicants being awarded whose household income exceeds the limits	The law states that priority should be given to low income families. However, it also states that anyone over 200% of the poverty index can receive 75%. Therefore, authority still exists to give scholarships to higher income families. In an effort to give priority to low income families, the CSTP grants only to low income families through October. After which, remaining scholarships are offered to anyone requesting a scholarship who is currently enrolled in a registered school.
The program does not have procedures for an additional review of income status during the school year to make necessary adjustments.	ODE adopted a mid-year enrollment and income verification process which requires that documentation be submitted for any changes in income status. (See F8.63)
There are no written policies and procedures governing the drawing process and to address problems. Policies should outline the lottery time table: application dates, verification process, process for setting the lottery drawing date; outline procedures for the drawing itself, provide guidance on resolving issues, identify the decision making process to resolve the issues, and include any other important information.	The CSTP policies and procedures include an explanation of the process. However, they do not provide detail on the process that includes time tables. The objective random selection process is documented in the files for each individual lottery. (See R8.21)
There was no system in place to verify that all eligible applications were being entered into the database. Applicant's eligibility is not verified until after they have been awarded through the lottery.	2000-01 was the first school year that CSTP verified eligibility before entering applicants into the data base. Responsibilities for receiving applications, reviewing and entering into the database are segregated among different employees.
The alternative schools should be involved in the verification of transportation process.	Transportation is no longer paid out of the CSTP budget. However, CSTP still reviews taxi invoices and verifies with participating schools' enrollment records. CSTP makes adjustments to the bills and submits them to the Cleveland Municipal SD for payment. Approximately 1.8 percent of the scholarship participants were transported by taxis during the 1999-00 school year, and none are being transported by that means in 2001-02.
The Tutorial Assistance program is not advertised and benefits are not communicated	Advertising efforts have been increased through schools, tutoring sites, etc.

Source: AOS Special Audit and ODE

F8.58 During its four years of operation, CSTP has received thousands of applications and awarded thousands of scholarship vouchers and tutorial grants. However, there appears to be no systematic means of compiling data received from applications into meaningful information. While privacy acts limit the amount of reportable data, the data available should be compiled into useful information to identify demographics and to serve as a database for gathering expanded information. Data from application forms can provide useful demographic information regarding geographic location, age and grade levels of the applicants.

R8.19 CSTP should use the available application data to compile program demographics. Using existing data is a first step in developing thorough demographic information. To enhance this process, CSTP should consider sending a separate document with the award of the scholarship vouchers or the tutorial grants that identifies the rights and responsibilities of the recipient and requests any additional voluntary demographic data such (e.g., age, race, sex, family size, etc.) that would be useful in reporting program population and impact information. Such reporting could be useful in demonstrating that the program is serving the intended population.

F8.52 The Wisconsin Department of Public Instruction has developed an interactive web site for the Milwaukee Parental School Choice Program (MPCP). The web site provides an informational brochure for parents, authorizing statutes and rules, frequently asked questions, program forms, contact information for participating schools in 1999-2000, and many more links to useful information regarding the program. The interactive web site allows the parent/guardian to obtain an application form from their home computer or a computer at the public library or school.

R8.20 CSTP should consider developing an interactive web site to provide information to prospective and current participants. While most participants may not have home computers, many participants should be able to use a computer at their local public library, public school or participating schools. Use of an interactive web site will facilitate the flow of program information. In addition, a CSTP interactive web site is an effective and efficient means of disseminating program information.

F8.60 The CSTP has developed an application form which provides information regarding scholarship eligibility, school eligibility and the process for recipient selection. For the 2000-01 school year, scholarship awards to nonpublic chartered schools range from 75 to 90 percent of the tuition, not to exceed \$2,500, depending upon the 1999 gross family income. The tutorial grant application form is the same as for a scholarship voucher. The application form requests the following information:

- Names and addresses;
- Social security numbers of parents and student; and
- Name of individual to contact in case of emergency, total family size, household income, child information and signatures.

Copies of proof of residence and income must accompany the application. Proof of residence can be established based upon presentation of two of the following items: recent utility bill, lease/rental agreement, recent Aid to Dependent Children (ADC) letter or recent Social Security Insurance (SSI) letter showing name and address. Income eligibility is based on household income from all sources, earned or assisted, and can be established based upon presentation of W-2, 1040 tax return and Schedule C; letter from caseworker identifying assistance from ADC, SSI, Social Security Administration (SSA), Bureau of Workers' Compensation (BWC), cash, food stamps, unemployment benefits, alimony, child support, retirement military subsistence allowances, and veteran benefits.

Once the scholarship voucher or the tutorial voucher is awarded, CSTP sends a letter to the parent or guardian acknowledging the award, the lottery number, the parent/guardian's share of tuition, and the means of communicating with CSTP. Accompanying the letter is a "Student Enrollment Form" that informs CSTP of the student's enrollment in a participating school and acknowledges the parent or guardian's responsibility for a percent of tuition costs and miscellaneous school charges. Also, a list of participating schools or tutorial sites with addresses, phone numbers and contact persons is enclosed. The Assistant Director of OSO indicated that some problems also arise because, even though the desired school is on the approved list, space is no longer available when the parent attempts to gain enrollment in the school.

- F8.61 If there are more low income applicants than scholarships available, then a lottery drawing takes place. In conjunction with AOS, CSTP develops a random selection process to assure a fair and equitable lottery process. AOS oversees the lottery drawing to ensure the integrity of the process.
- F8.62 The MPCP application form is available through the web site and at the approved private schools. The Milwaukee program makes the private school administrator the "gate keeper" in verifying income and residency of the applicant. At the same time the school administrator verifies space availability for the student. The Milwaukee program does not use interactive networks for submitting applications. The application is forwarded by the private school administrator to the Wisconsin Department of Public Instruction (DPI) where it is reviewed for income and residency eligibility. Continuing students must submit a new application each year which is verified against the private school's enrollment from the prior year. Payment vouchers are made payable to the parent/guardian but mailed to the school.

While the MPCP is efficient, oversight and monitoring is limited to an attestation report signed by a Certified Public Accountant and the school administrator.

R8.21 CSTP should examine MPCP’s application process to consider modifications for improving the effectiveness of the CSTP process. If the parent or guardian obtains the application form from the participating school, space availability can be confirmed. CSTP staff could randomly and periodically observe the lottery, deliver payment checks to the participating schools to witness the signature of the parent/guardian and periodically observe attendance. CSTP should also review its drawing policies and procedures to ensure that they adequately address issues such as timelines, drawing dates and procedures, and decision rules for problem resolution.

F8.63 CSTP mails an “Enrollment Verification Affidavit” midyear and at year-end to verify the scholarship recipient’s address and household income. Changes in address or family income require supporting documentation to accompany the affidavit. The affidavit is to be signed and returned to CSTP. Affidavits that are not deliverable and returned to CSTP are examined and the participating school is requested to help secure the required information from the parent or guardian. No documentation was provided to identify percentages of undeliverable affidavits and returned affidavits. However, the number of returning students indicates the number of affidavits returned. Tuition payment to the school and parent/guardian is delayed pending compliance which facilitates securing the assistance of the participating schools.

F8.64 **Table 8-15** shows a comparison between the Wisconsin and the Ohio school voucher program for school year 1999-00. Wisconsin does not offer tutorial vouchers.

Table 8-15: Comparison of Ohio and Wisconsin's Scholarship Voucher Programs

Feature	Ohio ¹	Wisconsin ¹
Student Eligibility Criteria	Cleveland residency, priority to families with income below 200% of a set poverty level	Milwaukee residency, income may not exceed 175% of federal poverty level
Other Student Eligibility	New participants must be in grades K-3. Continued participation through grade 8	Participants must be in K-12.
School Eligibility	Private schools in Cleveland Municipal School District or public schools in adjacent school districts	Private schools within the City of Milwaukee
Authorized Scholarships	4,674	15,300
Number of Participants	3,406	9,200
Number of Applications & Verifications¹	3,819	not tracked until the end of this year, no data available at this time
Number of Participating Schools	52	113
Scholarship Maximum	\$2,500	\$5,106
Student Selection Criteria	Students are accepted on a random basis.	Students are accepted on a random basis. Siblings of current participants are given preference.
Regulations Governing Participating Private Schools	Must not discriminate on the basis of race, ethnicity, or religion, or advocate hatred or unlawful behavior. Must be state-chartered private school and attain minimum enrollment requirements	Must comply with health and safety codes that apply to public schools, and comply with federal civil rights laws. Must follow laws that apply to all private schools, and follow state accounting standards and file independent audit.

Source: CSTP and Milwaukee Parental School Choice Program (MPCP)

¹ CSTP has initial applications and renewal verifications. MPCP requires a new application every year for all participants

Wisconsin authorized approximately three times as many scholarships and has approximately three times as many participants as the CSTP. Additionally, the scholarship maximum is almost twice the amount of the CSTP. The larger number of authorized scholarships and

participants is due, in part, to the student eligibility. Students in K-12 are eligible for Wisconsin's scholarships compared to K-8 in the CSTP. Also, first year participation in the CSTP is limited to grades K-3.

F8.65 **Table 8-16** shows the number of students participating in the scholarship and tutorial voucher programs at year-end by school year. **Table 8-17** shows the number of new applications and returning recipients for scholarship vouchers, the number of authorized scholarships, and the number of scholarships in force at school year-end. The total number of scholarship vouchers authorized is based upon year-end results plus 1,000. For example, according to Table 8-23, there were 3,674 scholarships in force at the end of school year 1998-99. Therefore, 4,674 (3,674 plus 1,000) scholarships were authorized for the 1999-00 school year.

Table 8-16: Scholarship and Tutorial Voucher Program Participation

School Year	Scholarship Vouchers at year end	Tutoring Vouchers	Total Vouchers
1996-97	1,994	124	2,118
1997-98	2,914	909	3,823
1998-99	3,674	1,391	5,065
1999-00	3,406	2,018 ¹	5,424
2000-01	3,775	1,852 ¹	5,627

Source: CSTP

¹ Does not include students receiving summer 2000 and 2001 tutorial vouchers

Table 8-17: Scholarship Voucher Applications and Their Disposition by School Year

School Year	Number of New Applicants and Returning Applicants	Number of Scholarships Authorized	Number of Scholarships In Force at Year-end
1996-97	6,233	2,000	1,994
1997-98	6,811	2,994	2,914
1998-99	4,529	3,914	3,674
1999-00	3,819	4,674	3,406
2000-01	3,974	4,406	3,775

Source: CSTP

The voucher program has shown a steady increase in the number of participants until school year 1999-00. In August, 1999, U.S. District Judge Solomon Oliver, Jr., issued an injunction halting new enrollees from entering the voucher program until a trial could determine whether it violates the constitutional separation of church and state. By the time the constitutional issue was settled, many of the potential new enrollees had returned to Cleveland Municipal School District or found other alternative schools. One school closed prior to the start of the 2000-01 school year. The school serviced approximately 80 parents whose children had to attend public school because it was too late for them to enroll in another private school. These factors help to explain the decrease in the number of scholarships from 1998-99 to 1999-00.

- F8.66 An application can be rejected because of residency or failure to file the application in a timely manner. Upon the deadline for submitting applications, CSTP reviews the number of eligible applicants in relation to the number of available scholarships. In an effort to ensure priority to low income families, CSTP grants scholarships only to low income families through October. If there are more scholarships available than eligible applicants, then all low income applicants are awarded scholarships. Beginning with the application deadline and each month thereafter until October, CSTP will repeat the review process. If at any time during this process, there are more low income applicants than scholarships available, acceptable applications are placed in the lottery drawing. See **F8.61** for lottery process. The first drawing for the 2000-01 school year was held February 29, 2000. Qualified applicants not awarded a scholarship voucher by the lottery system are placed on a wait list. If former or new recipients move from the Cleveland Municipal School District or fail to enroll in a participating school, these scholarship vouchers become available. Those qualified applicants on the wait list are notified and the scholarship vouchers are awarded on a first come, first served basis. In October, the scholarships are made available to any resident student on the waiting list in the greater than 200 percent pool, who is enrolled in a participating school.
- F8.67 **Table 8-18** shows participation trends in the scholarship voucher program relative to new enrollees and the continuation of former enrollees.

Table 8-18: Enrollment Trends in the Scholarship Voucher Program

School Year	New Students at year end	Returning Students at year end	Total Students at year end	Non-Returning Students	
				Number	Percent
1996-97	1,994	0	1,994		
1997-98	1,289	1,625	2,914	369	18.51%
1998-99	1,318	2,356	3,674	558	19.15%
1999-00	685	2,721	3,406	953	25.94%
2000-01	1,363	2,611	3,974	795	23.34%

Source: Office of CSTP

For school years 1997-98 and 1998-99, the number of new participants in the scholarship voucher program remained constant at approximately 1,300 students, and the number of returning participants remained constant at approximately 19 percent of the total students each year. However, in the 1999-00 school year, the number of new enrollees decreased by 48 percent from the prior school year and the number of non-returning students increased 26 percent. The decrease in new enrollees and returning participants in school year 1999-00 is explained in part by the U.S. District Court's injunction issued in August 1999 (See **F8.59**).

F8.68 **Table 8-19** shows the number of new applications and returning recipients for tutorial vouchers, the number of authorized tutorial vouchers, and the number of tutorial vouchers in force at school year-end. Pursuant to ORC 3313.975, the number of tutorial vouchers authorized is equal to the number of scholarship vouchers authorized.

Table 8-19: Applications for Tutoring Vouchers and Their Disposition by School Year

School Year ¹	Number of New Applications and Returning Applicants	Number of Tutorial Vouchers Authorized	Number Accepted Tutorial Vouchers In Force at Year-end
1998-99	3,107	3,914	1,391
1999-00	4,147	4,674	2,721
2000-01	4,094	4,406	1,852

Source: CSTP

¹ Prior to the 1998-99 school year CSTP was still developing the database for tracking the tutoring vouchers and was unable to provide valid numbers for 1996-97 and 1997-98 school years.

Like the scholarship voucher, an application can be rejected because of residency, income level or failure to file the application in a timely manner. Since the number of applicants is fewer than the number of authorized tutorial vouchers available, all qualified applicants receive tutorial vouchers.

F8.69 The director of the CSTP program indicates that there are two main issues that effect the number of tutoring vouchers being used: The legislators want the eligibility verifications to mirror those used for the scholarship program (see **F8.60**) but the parents are not willing to take the time to submit that information, and the checks for the payment of the tutoring services are made out to both the parent and the tutor which requires that the tutor track the parent down to obtain the parent's signature. The director submitted letters to legal counsel to have the verification requirements lifted. The alternative offered was that if the household income could not be verified, to offer the student 75 percent of the cost of tutoring services. The level of income determines whether the student receives 75 percent or 90 percent of the tutoring services paid.

The verification process provides key demographic data concerning the participants in the tutoring program. By streamlining the verification process, there is a risk that access to that data could be compromised.

R8.22 ODE should review the tutoring voucher verification process to determine more effective means by which eligibility information can be obtained. Options to be considered should include more pro-active marketing of the program and a more concerted effort toward parent outreach. To assist in acquiring the necessary parent income data, CSTP may be able to access applications submitted to the school district for the federal free and reduced price lunch program. Continuing to require the submission of complete eligibility data will ensure the continued existence of complete documentation and allow more thorough assessments of information related to participants in the tutoring program. The availability of this data will also allow legislators to better assess the viability of the program on a long-term basis.

F8.70 The Director of the CSTP indicated that another barrier to the success of the tutorial program is the problem the tutors have receiving payment. The current procedure for issuing payment to the tutors involves making the check payable to both the parent and the tutor and sending it to the tutoring site. It is then the tutor's responsibility to obtain the parent's signature. The tutors often have difficulty obtaining the parent's signature. This problem results in the reluctance of qualified tutors to participate in the program.

R8.23 CSTP should adopt procedures that allow checks for tutoring service payments to be made out directly to the tutor. The CSTP Director has suggested that this can be achieved by adding a statement to the voucher application which states that the parent gives CSTP authorization to make payment directly to the tutor. The parents could then indicate their

tutoring site and sign the authorization. A mitigating control should be implemented requiring both the student and tutor to sign in and out on a log sheet which is monitored by the tutoring site coordinator. Implementing this procedure and control should facilitate the tutoring payment process and assist in the recruitment and retention of qualified tutors.

F8.71 The CSTP staff continue to make enhancements to the program that focus on student retention. The office conducts training for parents to prepare them to assist their children with homework and reading skills and to ensure effective parent teacher conferences. Training is also provided to tutors to be more effective in assisting students. Additionally, grade-level tailored lesson plans have been developed for the various tutoring sites.

F8.72 **Table 8-20** shows budgeted staff positions for the Voucher Program Section of the Office of School Options for FY 1999-00.

Table 8-20: Approved Staffing Levels for the Voucher Section

Position	# of Staff Positions	FTE's related to School Vouchers	FTE's related to Tutorial Vouchers
OSO Director	1	0.05	0.05
CSTP Director	1	0.60	0.40
Assistant Dir.	1	0.60	0.40
Consultants	3	1.80	1.20
Systems Analyst	1	0.70	0.30
Support Staff	2	1.00	1.00
Total Full-time	9	4.75	3.35
Intermittent Staff	3	1.50	1.50
Contract Staff ¹	1	0.00	0.25
Total	13	6.25	5.10

Source: Director of Voucher Section of School Options Department

¹ The contract staff works 10 hours per week.

At the time of this audit, the voucher section had one vacant consultant position. The CSTP director indicated that currently there are three temporary staff that have been working 40 hours for over a year and without these individuals, CSTP functions would not be completed.

R8.24 ODE should consider converting the three temporary positions to full time budgeted positions. See the **Human Resource** section for a discussion on ODE's use of contract and intermittent employees.

Financial Implication: Making the three intermittent employees full time would result in a total cost of approximately \$109,200, assuming a base salary of \$28,000 per year plus benefits calculated at 30 percent. This cost would be offset by the current expenses for the services of the temporary employees.

Financial Implications Summary

The following table summarizes the implementation costs for the recommendations contained in this section of the report. ODE should consider potential operational benefits which some of the recommendations might reflect.

Recommendation	Implementation Costs
R8.7 Hire one additional educational consultant	\$78,000
R8.24 Convert three intermittent employees to full time	\$109,200
Total	\$187,200

Conclusion Statement

The Ohio Department of Education has made progress in some areas of monitoring and oversight. In the areas of continuous improvement planning, academic watch and academic emergency, ODE is making various enhancements to its services, such as improving the iCIP based upon feedback from users. The voucher program staff is focused on developing procedures to improve the quality of the voucher program. However, ODE could enhance the overall effectiveness of its monitoring and oversight functions by improving communication within the organization and with its customers, improving the documentation of its policies and procedures, and developing procedures that not only meet legislative requirements but enhance the quality of the programs which it monitors and oversees.

Effective communication between an organization and the customers it serves is an important aspect of a successful monitoring and oversight function. ODE's ability to effectively communicate both internally among departments and with its customers has been negatively impacted by organizational changes within ODE, undocumented procedures and ODE's lack of understanding of its monitoring and oversight role as interpreted in legislation. Employees from various ODE offices provide monitoring and oversight functions to the school districts. However, organizational and staffing changes have caused some schools to obtain contradictory responses from ODE employees and at times has left the customers feeling overwhelmed with the task of determining what actions to take. For example, ODE's oversight of Economy and Efficiency Plan development resulted in less than 50 percent of the urban districts submitting plans by the due date. Further, ODE review of the plans took from 2 to 15 months. Finally, in some instances, organizational changes have caused monitoring and oversight functions to be overlooked.

Progress has been made in the areas of the continuous improvement planning, academic watch, academic emergency and voucher program areas. However, when surveyed about their satisfaction with ODE's assistance, fiscal watch and emergency districts indicated that many were not using the services. Many of the districts who used the services indicated that assistance in the areas of budgeting and financial planning were of limited usefulness and quality. Communication remains an issue as ODE continues to make significant organizational changes, as staffing levels fluctuate and as ODE's oversight responsibilities increase. ODE should continue its efforts to improve communication with its customers by providing more accessibility to staff and information.

Effective monitoring and oversight is also a measure of the organization's ability to meet its customers' needs. However, ODE offices responsible for monitoring and oversight functions have not all been proactive in soliciting customer feedback on the services they provide. Surveying customers is an effective method for determining customer needs and customer satisfaction. Additionally, having direct contact with your customers is necessary to ensure that activities align with customer needs. Through various focus groups, surveys and interviews conducted by the

Auditor of State, school district personnel indicated that there are not enough ODE people out in the field, dealing directly with the customer base and addressing customer needs.

Appendix A

Table A1: Summary of Academic Watch/Emergency Survey Responses

District Survey Items	Responses
<ul style="list-style-type: none"> Which of the following categories identifies your district based upon the results of the February, 2000 school report card? 	No Response - 0 Continuous Improvement - 2 Academic Watch -18 Academic Emergency - 5
<ul style="list-style-type: none"> Did your district file its continuous improvement plan with the ODE Office of Regional Services on or before July 3, 2000? 	Yes - 23 No - 0 Not Required for Continuous Improvement designations - 2
<ul style="list-style-type: none"> Did your district seek the assistance of the Office of Regional Services of ODE or your area technical support coordinator in the preparation of its continuous improvement plan? 	Yes - 23 No - 2 No Response - 0
<ul style="list-style-type: none"> If your district <u>did not</u> seek assistance from the Office of Regional Services or your area technical support coordinator in the preparation of its CIP, why did your district choose not to use the assistance? 	No Response - 23 District was not aware of the assistance available - 0 District believed it could prepare a CIP on its own initiative - 2 District does not find services of ODE to be helpful-0 District did not have the time or resources to access assistance - 0 Other: ESC support and workshops - 0
<ul style="list-style-type: none"> The ODE Office of Regional Services provides a variety of support services to assist districts in the preparation of their CIP. If your district used some of the services, please identify the services used and the quality of service. 	See Table 8-2 for summary of this information.

District Survey Items	Responses
<ul style="list-style-type: none"> • What other assistance did you receive from the Office of Regional Services (ODE) in the preparation of your CIP? 	<p>None - 13</p> <p>phone consultation - 2</p> <p>State/Regional meetings - 1</p> <p>SIRI training - 1</p> <p>Terrific services in all areas from our regional coordinator, Sandra Best - 1</p> <p>Assistant Superintendent, Robert Roden, facilitated our year long community CIP implementation effort - 1</p> <p>The Office of Regional Services provided a network of people/contacts to assist the district in all areas - 1</p> <p>Updates when requirements changed - 1</p> <p>TSC advise and facility committee meetings - 1</p> <p>Positive feedback re: questions and concerns - 1</p> <p>P/G grant and consultant - 1</p>

District Survey Items	Responses
<ul style="list-style-type: none"> • What additional CIP, academic watch or academic emergency assistance would you like to receive from ODE? 	<p>None- 4</p> <p>Building level assistance with implementation and follow-up. - 1</p> <p>Direction with improving and expanding our CIP - 1</p> <p>Assistance to bring national changes to the proficiency testing process - 1</p> <p>Professional development activities - 1</p> <p>Additional funding for training, professional development and/or implementation - 6</p> <p>A report card that is more reflective of continuous improvement - 1</p> <p>Additional ICIP training - 1</p> <p>Ongoing TSC services - 2</p> <p>More service and support from TSC - 1</p> <p>DTI consulting at district level -1</p> <p>Curriculum alignment at site with teachers - 1</p> <p>Continue grant funding of building district plans - 1</p> <p>More assistance with data interpretation - 1</p> <p>Network with other districts - 1</p> <p>Ongoing independent review of CIP process through site evaluations - 1</p> <p>More information on site evaluations - 1</p> <p>Full-time CIP/curriculum coordinator - 1</p>

District Survey Items	Responses
<ul style="list-style-type: none"> What assistance did you receive from resources other than ODE for CIP, academic watch or academic emergency? 	<p>None- 7</p> <p>ESC curriculum assistance and participation with CIP advisory council - 1</p> <p>ESC services - 8</p> <p>Support from Ashland University - 1</p> <p>Local building administrators - 1</p> <p>Leveraged General and federal fund monies (i.e. Title VIR and Title I) - 1</p> <p>BASA (strategic planning services) - 1</p> <p>Title I alignment workshops - 1</p> <p>Ohio Reads coach training - 1</p> <p>SIRI training - 1</p> <p>CSRD funds - 1</p> <p>RPDC (workshops)- 2</p> <p>Conversations with colleagues throughout the County - 1</p> <p>Monetary and human resources from Appalachian Rural Systemic initiative - 1</p> <p>Venture capital grant money to purchase school/parent communication sheets - 1</p> <p>Local PTO and booster club supplies incentives for academic and good behavior - 1</p> <p>Cinergy basics grant for prof. development - 1</p> <p>Consultant - 1</p>

District Survey Items	Responses
<ul style="list-style-type: none"> Additional comments relating to the service provided by ODE to districts in continuous improvement, academic watch or academic emergency. 	<p>None - 8</p> <p>Numerous changes in final draft by ODE caused concern about meeting all requirements, Judy Airhart was particularly helpful in helping to finalize and clarify final CIP. - 1</p> <p>The CIP implementation grant allowed the district to become involved with the Baldrige in Education initiative - 1</p> <p>The financial incentives are nice and we are trying to take advantage of all possible. However, when assistance in reviewing and critiquing CIP was requested, we received no response. - 1</p> <p>Disappointed that performance incentive grant money did not continue - 1</p> <p>ODE needs to be more positive, look at academic watch districts in a negative light - 1</p> <p>Structure of report card needs to be changed to reflect improvements made by CI districts, even though they may not advance to next highest category - 1</p> <p>TSC assistance was invaluable - 1</p> <p>CIP implementation grant provided resources otherwise unavailable - 1</p> <p>The work of the SSTs in developing tools for alignment has helped move the district forward - 1</p> <p>SIRI training provided an increase of knowledge of reading instruction and on-going support - 1</p> <p>DTI moved data collection and analysis forward and saved district from reinventing the wheel - 1</p> <p>ODE is moving in the right direction. Caution is that regional training is not appropriate during the school day when teachers must be in the classroom. - 1</p> <p>Grants are essential, however, are becoming overburdened with the application and assessment of grants that the process is suffering - 1</p> <p>Start an exchange program between the teachers from the effective schools and the academic emergency schools - 1</p> <p>Plenty of service/support was available - 1</p> <p>TSC has been a valuable resource and has made herself available</p>

District Survey Items	Responses
	<p>is split among 9 districts - 1</p> <p>Confused by the changing rules. Started process two years before 7/3/00 deadline. Received CIP format data a minimum of three different times including the two editions of the Reference Guide to CIP. - 1</p> <p>Staff development is key but the district struggles with the issues of when? how? and who? When do we do staff development? How do we get staff to “buy in” to the changes? And who is available to provide the CIP identified staff development training and coaching - 1</p> <p>The workshops were excellent - 1</p> <p>Stop moving the goals, give time to implement the plan with a consistent target. It is difficult to achieve curriculum and training alignment when the scorecard keeps changing - 1</p> <p>CIP will take 5 years, a lot of teachers and public involvement. Need to offer some sort of pay. CIP coordinator will turn into almost a full time position. - 1</p> <p>Unfunded mandates, don't start another project without funding it. If this is that important then help fund it correctly. - 1</p> <p>TSC has done an admirable job with the limited time she had, she is spread too thin - 1</p> <p>Full-time curriculum specialist is a vital need, supt and principals do not have the extra time to oversee CIP needs. - 1</p>

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Program Assessment

Background

Program evaluations and assessments attempt to answer questions about the effectiveness and efficiency of programs by identifying quantitative and qualitative indicators of program performance. Evaluation results can provide a clear indication of program performance and should focus attention on areas that need improvement. Program evaluations can provide the information necessary to make decisions and can help foster accountability, document that program objectives have been met, improve program effectiveness, and can be used to justify resource allocations.

Program evaluation and assessment offers several potential benefits to administrators and policy makers including the following:

- Better information is provided to aid program staff, management, and policy makers in their decision making, thus allowing them to make more informed decisions.
- Program personnel can systematically examine and influence the future direction of their program as well as benefit from a fresh perspective.
- The public benefits by receiving more effective and efficient government services for their tax dollar.

Decision-makers and stakeholders alike continue to stress the need for effective and efficient educational programs in the State of Ohio to help ensure the academic and social success of all students. In March 1999, the State of Ohio engaged KPMG/LLP to conduct an operational review of the business practices and overall effectiveness of ODE. The report found that there was a lack of leadership throughout ODE and identified 14 major recommendations including the need for a comprehensive planning process. While ODE has made progress in several areas addressed by the report, more than two years have passed and it is not clear that all KPMG recommendations were given a high priority for implementation.

ODE has demonstrated its commitment to the success and high levels of achievement for all students by adopting the Malcolm Baldrige Award criteria, developing a strategic plan, and examining its business practices and service delivery. The Department is also in the process of adopting performance-based budgeting to improve program alignment with strategic goals and to increase accountability throughout its organization. ODE is taking steps toward developing and implementing a program assessment strategy.

Organizational Structure

In response to the recommendations made in a 1999 management study report issued by KPMG \LLP Consulting, ODE began converting its organizational structure from departments and divisions to a business center model based on offices and sections in an effort to increase its effectiveness and respond to customer needs in a more expedient manner. Currently, there are 5 centers which house 21 different program/service offices. Each associate superintendent is responsible for managing one of the centers. The remaining nine program and service officers are supervised by various individuals in upper-management positions. Under the new organizational structure, no particular center or office is responsible for ensuring program evaluations are done consistently or on a regular basis throughout the Department. For more information regarding the organizational structure at ODE and a picture of the current structure, see the **Human Resources** section.

The Office of Policy, Research and Analysis

The Office of Policy, Research and Analysis consists of 10 employees, 1 intermittent and 9 full-time employees. There is 1 director, 2 assistant directors, 1 data analyst, 1 intermittent and 3 full-time program evaluators, and 2 clerical support staff. The Office of Policy, Research and Analysis engages primarily in policy and financial analyses and is also involved in program evaluation efforts. The Office participates in policy formulation and analysis as well as instrument review, survey development, and focus group protocols. The Office of Policy Research and Analysis also furnishes internal customers with data analysis assistance, guidance and feedback regarding research and evaluation processes.

Baldrige Criteria for Performance Excellence

The Malcolm Baldrige National Quality Award was established by Congress in 1987 to recognize U.S. organizations for their achievements in quality and performance and to publicize successful performance strategies. The award is given to U.S. entities that have shown achievements and improvements in seven areas: leadership, strategic planning, customer and market focus, information and analysis, human resources, process management and business results. Since 1988, 41 organizations have received a Baldrige Award. For many organizations, using the criteria results in better employee relations, higher productivity, greater customer satisfaction, increased market share, and improved profitability. In an effort to strengthen its operation and effectiveness, ODE decided to adopt the Baldrige Criteria and has incorporated it into its strategic planning. ODE is currently taking steps toward implementation of the Baldrige Criteria and its strategic plan.

The Malcolm Baldrige Education Criteria have four important purposes including:

- To help improve organizational performance, practices, and capabilities;
- To facilitate communication and sharing of best practices' information between education organizations and organizations of all types;
- To foster the development of partnerships involving schools, businesses, human service agencies, and other organizations via related criteria; and
- To serve as a working tool for understanding and improving organizational performance, and guiding planning and training.

According to the Baldrige National Quality Program 2000 Education Criteria for Performance Excellence, a well-conceived and well-executed assessment strategy is central and crucial to the success of an organization working toward education excellence. The characteristics of such a strategy should include the following:

- Clear ties between what is assessed and an organization's objectives;
- A strong focus on improvement of student performance, faculty capabilities, and the organization's program performance;
- An assessment that is embedded and ongoing with a mechanism for prompt feedback;
- An assessment that is curriculum-based and criterion-referenced, addressing key learning goals and overall performance requirements;
- Clear guidelines regarding how the assessment results will and will not be used; and
- An ongoing evaluation of the assessment system itself to improve the connection between assessment and student success. Success factors should be developed based on external requirements such as those derived from the marketplace and other organizations on an ongoing basis.

For more information regarding ODE's implementation of the Baldrige Criteria, see the **Strategic Planning** section of the report.

Program Evaluation

Measuring performance and program assessment are integral to strategic planning and determining whether or not an organization has achieved its stated goals. Program assessment is also important for the successful implementation of the Baldrige Criteria, and it is integral to effective performance-based budgeting. Currently, program evaluation activities are not completed systematically across ODE's centers or offices, which has resulted in a lack of consistency between assessments.

Over the years, a number of programs have become too focused on process and how things are done while neglecting to assess program outcomes. According to senior management at ODE, some programs which have clearly outlived their usefulness are still being funded. Performing program assessments on a regular basis can help to foster accountability, document that program objectives have been met, identify program effects, and provide information about service delivery that will be useful to program staff and other stakeholders.

Performance Measures

The following performance measures, quantifiable indicators of achievement that allow one to determine how well an entity or process is performing, were used during the review of ODE's program evaluation activities:

- Impact of the Malcolm Baldrige Education Criteria on ODE's program evaluation efforts;
- Implementation of KPMG's recommendations regarding performance measurement and program evaluation;
- Adequacy of ODE's current program evaluation and oversight efforts;
- Adequacy of program performance criteria;
- Assessment of the ODE Research and Evaluation Council; and
- Assessment of ODE's 1999 draft Program Evaluation Guidebook.

Findings / Recommendations / Commendations

F9.1 In 1999, KPMG conducted a management study, reviewing ODE's business practices and overall effectiveness. The final report contained a number of findings and recommendations regarding program assessment including: ODE does not employ a program management methodology to evaluate the performance of individual programs, and the Department does not conduct periodic program reviews to identify those programs that should be downsized, discontinued, or maintained with modifications. As of January 2001, ODE still has not implemented a methodology to evaluate individual program performance, nor has it adopted criteria for program continuation. As a result, ODE is uncertain of the effectiveness of the programs currently being implemented and whether or not some programs should be discontinued.

R9.1 Each program housed at ODE should be routinely and systematically evaluated using a standard evaluation framework, like the one recommended in **R9.8**, to help ensure consistency between evaluations and the information gathered. The recommended framework can be customized to answer any evaluation question and can be used for new and established programs. Programs should be evaluated on a routine basis against key criteria including costs, performance goals, and outcomes.

R9.2 ODE should develop criteria, standards on which a decision may be based, for program performance to help ensure its resources are allocated effectively. Programs which have met their stated objectives or have outlived their usefulness, should be discontinued and those resources should be reallocated to other programs.

Criteria that could be used to justify downsizing or discontinuing a program include:

- A program has met its stated objectives.
- The target population's needs have been met.
- The program outcomes and benefits are not commensurate with its costs.
- Program goals and objectives no longer align with the Departmental mission.

The criteria could also be used to justify program expansion or an increase in funding allocations.

Criteria that could be used to justify expanding or continuing a program include:

- The program is exceeding expectations.
- The need for services continues to grow.
- The program appears to be promising based on the outcomes produced thus far.

F9.2 At the time of the KPMG study, ODE was unsure of how many programs it was responsible for managing and how well each of its programs were performing against cost, schedule, and performance targets. The Office of Budget and Government Relations developed an inventory of “programs” using performance-based budgeting forms found on ODE’s Intranet. The Office of Budget and Government Relations defines a “program” as any budget line item. ODE has identified every budget line item, but has not identified which line items are programs as defined by GAO. According to GAO, a “program” may be any activity, project, function, or policy that has *an identifiable purpose and set of objectives*.

The Office of Policy Research and Analysis has taken steps toward developing a program evaluation activities database. A template was designed to collect research and evaluation activities information from ODE’s program administrator’s. However, the template was not disseminated throughout the Department, and the database has not been completed. The Office of Policy Research and Analysis is currently conducting a document review and identifying evaluation-related activities which are being performed. According to the Office of Policy Research and Analysis, the information will be used to establish a baseline of evaluation activities and to assess departmental capacity for meeting program evaluation requirements.

R9.3 A program inventory, that is, an inventory of all activities, projects, functions, and policies that have an identifiable purpose and set of objectives should be developed. The Office of Budget and Government Relations and the Office of Policy, Research, and Analysis should work together to create this inventory. ODE needs to know the number and types of programs it is administering in order to determine whether its resources are allocated appropriately and to finalize a comprehensive program evaluation plan.

F9.3 In June 1999, ODE established an internal Research and Evaluation Council to help establish a consistent system or framework for evaluation throughout the Department. The Research Council was also established to increase both the credibility and utility of research and evaluation conducted by and on behalf of ODE. The Research Council consists of representatives from each Center; the Office of the Chief Information Officer; and the policy, research, and analysis staff. According to a statement made by the Superintendent of Public Instruction in the *May 1999 Monthly Management Report*, the Research Council was created to help ensure that research, development and program evaluation done by and for ODE are of the highest quality and are thoroughly connected to the operational activities of the Department. The goals of the Research Council are further defined in the *June 1999 Monthly Management Report* and include:

- Enhancing agency credibility by ensuring a high level of quality in the design of research products;

- Ensuring that program evaluation projects will provide sufficient information to make effective management and funding decisions regarding programs; and
- Ensuring rigorous and timely examination of high priority research topics.

C9.1 ODE should be commended for creating the Research and Evaluation Council. ODE is organized into centers which work independently of one and other. The Research Council could serve as the mechanism ODE needs to coordinate, standardize and oversee program evaluation issues, efforts, and results throughout the organization.

F9.4 The Research Council has created a draft document which describes its purpose, goals and activities. However, the Council has yet to develop a strategic plan and an implementation strategy. The Council lacks a formal communication structure which reaches all the offices and sections throughout ODE, and there appears to be a lack of department-wide awareness about the Research Council and its activities. In addition, it is unclear how the Research Council will interact with the Office of Policy, Research, and Analysis; the Internal Auditor's Office; and the Office of Organizational Development. The Research Council has not met since June 2000 due, in part, to changes in membership and the relocation to a new building. A program evaluator from the Office of Policy, Research, and Analysis is currently reviewing the organization and activities of the Research Council.

R9.4 The Research Council should be given the authority to implement the recommended framework (**R9.8**) and have the responsibility for overseeing the program evaluations completed by ODE. The Research Council should operate independent of the centers and their programs and should not be involved in completing the actual evaluations. Rather, the Council should provide guidance and feedback to the program administrators and assist them in developing their evaluation plans to ensure the work done is of the highest quality and is thoroughly connected to its operational activities. After the evaluation is complete, the Research Council should assess the data collected and analyze the evaluation reports to provide senior management with recommendations regarding program continuation and resource allocation.

R9.5 The composition of the Research Council should be examined. Each of ODE's five centers should be represented on the Council along with representatives from the Superintendentcy. The individuals selected to serve on the Council should have the authority to effectively implement a comprehensive program evaluation system within their respective centers and should be able to provide their centers with an agency-wide perspective on research and program evaluation activities. The Council members should be willing to be held accountable for their work and furthering the goals of the Research Council.

R9.6 After ensuring the Research Council is composed of the appropriate individuals as recommended in **R9.5**, the Council should develop a formal document which states its purpose and goals, and includes an implementation plan. The Council should articulate guidelines for research and program evaluation activities and should be in a position to advise the superintendent on future research and program evaluation needs. The development of a formal document stating the purpose and activities of the Council should help to distinguish it from the Office of Policy, Research, and Analysis and should help prioritize and focus the Council's work. The Council should also develop a formal communication structure which reaches all the offices and sections throughout ODE in order to promote awareness of its activities and to encourage support of the Council's activities.

F9.5 In an effort to increase the consistency, reliability, and validity of program evaluations conducted within the Department, the Research Council began drafting a Program Evaluation Guidebook in the summer of 1999. The guidebook is intended to be a useful step-by-step checklist for ODE staff to use in the development of program evaluation activities. In the fall of 1999, a draft of the guidebook was produced. The guidebook is divided into the following five sections:

- Section One: An Administrative Program Evaluation Workbook
- Section Two: Research Council Program Evaluation Review Form
- Section Three: An In-Depth Program Evaluation Checklist
- Section Four: Detailed Explanations of Key Terms and Concepts
- Section Five: Annotated Bibliography of Program Evaluation Literature

The draft program evaluation guidebook is lengthy, complex, and sections four and five have not been completed. The guidebook does contain all of the program evaluation elements, however, some of them, such as program goals and objectives are not explicitly stated.

R9.7 The program evaluation guidebook should be revised and completed to assist program administrators and evaluators in their program assessment efforts. The guidebook should be written in such a manner that a person without a background in program evaluation could understand the material and key concepts. The guidebook should be used throughout the Department to promote the completion of systematic program evaluations using the recommended evaluation framework found in **R9.8**. The guidebook should be concise, user-friendly, easy to understand, and incorporate the CDC evaluation framework to help build a common evaluation language throughout the Department and an organizational capacity which supports evaluation activities. At a minimum, the program evaluation guidebook should:

- State the purpose behind ODE's evaluation efforts and explain the importance of accurate and reliable program evaluations.

- Explain the different types of program evaluation such as summative and formative.
- Contain definitions of the terms commonly used, but not always clearly defined, in program assessment such as: goal, objective, performance measure, input, output, and outcome to help ensure program administrators and evaluators have a common language for approaching program evaluation.
- Include the CDC recommended evaluation framework (**R9.8**) and a workbook based on the framework that is practical and easy to use and understand.

F9.6 ODE has not designed a program evaluation tool for Department-wide usage. The Office of Budget and Government Relations created the "Program Alignment, Efficiency, and Effectiveness Considerations" in March 2000 to assist program administrators in defining their programs and identifying performance measures for budget development processes.

The draft evaluation guidebook does not contain any evaluation instruments. Rather the guidebook and tools represent a framework for assisting program administrators in reviewing specific information about their existing evaluation and research activities. The guidebook, in its current state, serves as a preliminary step to evaluations.

R9.8 ODE should adopt and implement the use of a general program evaluation framework to begin the process of conducting systematic program evaluations throughout the Department. The framework should be broad enough to incorporate all evaluation needs and potential purposes, such as conducting a formative or summative evaluation.

ODE should consider adopting the program evaluation framework for public health developed by the Centers for Disease Control and Prevention(CDC). The CDC convened an evaluation working group which included evaluation experts, public health program managers and staff, and state and local public health officials, after it recognized that program evaluation was not being carried out consistently across program areas, and evaluation was not sufficiently well-integrated into the day-to-day management of most public health programs. ODE is currently facing challenges similar to the ones faced by the CDC.

Like ODE, the CDC is responsible for implementing a myriad of different programs ranging from direct service interventions to training and educational services. The framework developed by the CDC comprises steps in program evaluation practice while incorporating the standards for effective program evaluation. The framework can be applied to almost any organized public health activity, and seems well-suited for evaluating ODE's diverse educational programs as well. According to the CDC, adhering to the steps and standards of this framework will allow an understanding of each program's context and will improve how program evaluations are conceived and conducted. The framework also encourages an

approach to evaluation that is integrated with routine program operations, and the emphasis is on practical, ongoing evaluation strategies that involve all program stakeholders, not just evaluation experts.

The framework is composed of six steps that should be taken in any evaluation effort. They are the starting point for tailoring an evaluation to a particular program at a particular time. **Table 9-1** summarizes the steps of the framework.

Table 9-1: Evaluation Steps Defined

<p>Engage Stakeholders - Those persons involved or affected by the program and primary users of the evaluation.</p> <p><i>Definition:</i> Fostering input, participation, and power-sharing among those persons who have an investment in the conduct of the evaluation and the findings; it is especially important to engage primary users of the evaluation.</p> <p><i>Role:</i> Helps increase chances that the evaluation will be useful; can improve the evaluations' credibility, clarify roles and responsibilities, enhance cultural competence, help protect human subjects, and avoid real or perceived conflicts of interest.</p>
<p>Describe the Program - Need, expected effects, activities, resources, stage, context, logic model.</p> <p><i>Definition:</i> Scrutinizing the features of the program being evaluated, including its purpose and place in a larger context. Description includes information regarding the way the program was intended to function and the way that it actually was implemented. Also includes features of the program's context that are likely to influence conclusions regarding the program.</p> <p><i>Role:</i> Improves evaluation's fairness and accuracy; permits a balanced assessment of strengths and weaknesses and helps stakeholders understand how program features fit together and relate to a larger context.</p>
<p>Focus the Evaluation Design - Purpose, users, uses, questions, methods, agreements</p> <p><i>Definition:</i> Planning in advance where the evaluation is headed and what steps will be taken; process is iterative (i.e., it continues until a focused approach is found to answer evaluation questions and methods might be adjusted to achieve an optimal match that facilitates use by primary users.</p> <p><i>Role:</i> Provides investment in quality; increases the chances that the evaluation will succeed by identifying procedures that are practical, politically viable, and cost-effective; failure to plan thoroughly can be self-defeating, leading to an evaluation that might become impractical or useless; when stakeholders agree on a design focus, it is used throughout the evaluation process to keep the project on track.</p>
<p>Gather credible evidence - Indicators, sources, quality, quantity, logistics</p> <p><i>Definition:</i> Compiling information that stakeholders perceive as trustworthy and relevant for answering their questions. Such evidence can be experimental or observational, qualitative or quantitative, or it can include a mixture of methods. Adequate data might be available and easily accessed, or it might need to be defined and new data collected. Whether a body of evidence is credible to stakeholders, depends on such factors as how the questions were posed, sources of information, conditions of data collection, reliability of measurement, validity of interpretations, and quality control procedures.</p> <p><i>Role:</i> Enhances the evaluation's utility and accuracy; guides the scope and selection of information and gives priority to the most defensible information sources; promotes the collection of valid, reliable, and systematic information that is the foundation of any effective evaluation.</p>
<p>Justify conclusions - Standards, analysis/synthesis, interpretation, judgment, recommendations.</p> <p><i>Definition:</i> Making claims regarding the program that are warranted on the basis of data that have been compared against pertinent and defensible ideas of merit, worth, or significance (i.e., against standards or values); conclusions are justified when they are linked to the evidence gathered and consistent with the agreed on values or standards of stakeholders.</p> <p><i>Role:</i> Reinforces conclusions central to the evaluation's utility and accuracy; involves values clarification, qualitative and quantitative data analysis and synthesis, systematic interpretation, and appropriate comparison against relevant standards for judgement.</p>
<p>Ensure Use and Share Lessons Learned - Design, preparation, feedback, follow-up, dissemination.</p> <p><i>Definition:</i> Ensuring that a) stakeholders are aware of the evaluation procedures and findings; b) the findings are considered in decisions or actions that affect the program (i.e., finding use); and c) those who participated in the evaluation have had a beneficial experience (i.e., process use).</p> <p><i>Role:</i> Ensures that evaluation achieves its primary purpose – being useful; however, several factors might influence the degree of use, including evaluator credibility, report clarity, report timeliness and dissemination, disclosure of findings, impartial reporting, and changes in the program or organizational context</p>

Source: Framework for Program Evaluation in Public Health (www.cdc.gov/eval)

Engage Stakeholders. The evaluation cycle begins by engaging the stakeholders to determine the scope and purpose of the evaluation. Three principle groups should be engaged in the process: those involved in program operations, those served or affected by the program, and the primary users of the evaluation. The evaluation plan should be decided and agreed upon in writing before the fieldwork begins to help minimize costs while maximizing efficiency.

Table 9-2: Stakeholder Engagement Activities

Stakeholder engagement activities could include:

- Consulting insiders (e.g., leaders, staff, clients, and program funding sources) and outsiders (e.g., skeptics);
- Taking special effort to promote the inclusion of less powerful groups or individuals;
- Coordinating stakeholder input throughout the process of evaluation design, operation, and use; and
- Avoiding excessive stakeholder identification, which might prevent progress of the evaluation.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs.*

Describe the Program. Program descriptions set the frame of reference for all subsequent decisions in an evaluation. The description enables comparisons with similar programs and facilitates attempts to connect program components to their effects. Aspects to include in a program description are:

- *Need: What problem or opportunity does the program address? Who experiences it?*
- *Expected Effects: What changes resulting from the program are anticipated? What must the program accomplish to be considered successful?*
- *Activities: What steps, strategies, or actions does the program take to effect change?*
- *Resources: What assets are available to conduct program activities (e.g., time, talent, technology, money, etc.)?*
- *Stage of Development: How mature is the program (i.e., is the program mainly engaged in planning, implementation, or effects?)*
- *Context: What is the operating environment around the program? How might environmental influences (e.g., history, geography, politics, social and economic conditions, efforts of related or competing organizations) affect the program and its evaluation?*

- *Logic Model: What is the hypothesized sequence of events for bringing about change? How do program elements connect with one another to form a plausible picture of how the program is supposed to work?*

Table 9-3: Program Description Activities

Program description activities could include:

- Characterizing the need (or set of needs) addressed by the program;
- Listing specific expectations such as goals, objectives, and criteria for success;
- Clarifying why program activities are believed to lead to expected changes
- Drawing an explicit logic model to illustrate relationships between program elements and expected changes;
- Assessing the program’s maturity or stage of development;
- Analyzing the context within which the program operates;
- Considering how the program is linked to other ongoing efforts; and
- Avoiding creation of an overly precise description for a program that is under development.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs.*

Focus the Evaluation Design. The direction and process of the evaluation must be focused to assess issues of greatest concern to stakeholders while using time and resources as efficiently as possible. Items to consider when focusing an evaluation include the following:

- *Purpose: What is the intent or motive for conducting the evaluation (i.e., to change practice, assess effects, or affect participants)?*
- *Users: Who are the specific persons that will receive evaluation findings or benefit from being part of the evaluation?*
- *Uses: How will each user apply the information generated from the evaluation?*
- *Questions: What questions should the evaluation answer? What boundaries will be established to create a viable focus for the evaluation? What unit of analysis is appropriate (e.g., a system of related programs, a single program, a project within a program, a subcomponent or process within a project)?*
- *Methods: What procedures will provide the appropriate information to address stakeholders’ questions (i.e., what research designs and data collection procedures best match the primary users, uses, and questions)? Is it possible to mix methods to overcome the limitations of any single approach?*

- *Agreements: How will the evaluation plan be implemented within available resources? What roles and responsibilities have the stakeholders accepted? What safeguards are in place to ensure that standards are met, especially those for protecting human subjects?*

Table 9-4: Activities for Focusing the Evaluation Design

Evaluation design activities could include:

- Meeting with stakeholders to clarify the intent or purpose of the evaluation;
- Learning which persons are in a position to actually use the findings, then orienting the plan to meet their needs;
- Understanding how the evaluation results are to be used;
- Writing explicit evaluation questions to be answered;
- Describing practical methods for sampling, data collection, data analysis, interpretation, and judgement;
- Preparing a written protocol or agreement that summarizes the evaluation procedures, with clear roles and responsibilities for all stakeholders; and
- Revising parts or all of the evaluation plan when critical circumstances change.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs.*

Gather Credible Evidence. Persons involved in an evaluation should strive to collect information that will convey a well-rounded picture of the program and be seen as credible by the evaluation's primary users. Having credible evidence strengthens evaluation judgements and the recommendations that follow from them. The following aspects of evidence gathering typically affect perceptions of credibility:

- *Indicators: How will general concepts regarding the program, its context, and its expended effects be translated into specific measures that can be interpreted? Will the chosen indicators provide systematic data that is valid and reliable for the intended uses?*
- *Sources: What sources (i.e., persons, documents, observations) will be accessed to gather evidence? What will be done to integrate multiple sources, especially those that provide data in narrative form and those that are numeric?*
- *Quality: Is the information trustworthy (i.e., reliable, valid, and informative for the intended uses)?*
- *Quantity: What amount of information is sufficient for drawing conclusions? What level of confidence or precision is possible and necessary for decision making? Is there adequate power to detect effects? Is the respondent burden reasonable?*

- *Logistics: What techniques, timing, and physical infrastructure will be used for gathering and handling evidence?*

Table 9-5: Activities for Gathering Credible Evidence

Evidence gathering activities could include:

- Choosing indicators that meaningfully address evaluation questions;
- Describing fully the attributes of information sources and the rationale for their selection;
- Establishing clear procedures and training staff to collect high quality information;
- Monitoring periodically the quality of information obtained and taking practical steps to improve quality;
- Estimating in advance the amount of information required or establishing criteria for deciding when to stop collecting data in situations where an iterative or evolving process is used; and
- Safeguarding the confidentiality of information and information sources.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs.*

Justify Conclusions. Evaluation conclusions are justified when they are linked to the evidence gathered and judged against agreed-upon values or standards set by the stakeholders in advance. Justifying conclusions on the basis of evidence includes the following five elements:

- *Standards: Which stakeholder values provide the basis for forming judgements? What type or level of performance must be reached for the program to be considered successful?*
- *Analysis and synthesis: What procedures will be used to examine and summarize the evaluation's findings?*
- *Interpretation: What do the findings mean (i.e., what is their practical significance)?*
- *Judgement: What claims concerning the program's merit, worth, or significance are justified based on the available evidence and the selected standards?*
- *Recommendations: What actions are warranted based upon the evaluation findings?*

Table 9-6: Conclusion and Justification Activities

Conclusion justification activities could include:

- Using appropriate methods of analysis and synthesis to summarize findings;
- Interpreting the significance of results for deciding what the findings mean;
- Making judgements according to clearly stated values that classify a result (e.g., as positive or negative and high or low);
- Considering alternative ways to compare results (e.g., compared with program objectives, a comparison group, national norms, past performance, or needs);
- Generating alternative explanations for findings and indicating why these explanations should or should not be discounted;
- Recommending actions or decisions that are consistent with the conclusions; and
- Limiting conclusions to situations, time periods, persons, contexts, and purposes for which the findings are applicable.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs.*

Ensure Use and Share Lessons Learned. Deliberate effort is needed to ensure that the evaluation process and findings are used and disseminated appropriately. The following five elements are critical for ensuring effective use:

- *Design: Is the evaluation organized from the start to achieve intended uses by primary users?*
- *Preparation: How have stakeholders been prepared to translate new knowledge into appropriate action?*
- *Feedback: What communication will occur among parties to the evaluation? Is there an atmosphere of trust among stakeholders?*
- *Follow-up: How will the technical and emotional needs of users be supported? What will prevent lessons learned from becoming lost or ignored in the process of making complex or politically sensitive decisions? What safeguards are in place for preventing misuse of the evaluation?*
- *Dissemination: How will the procedures or the lessons learned from the evaluation be communicated to relevant audiences in a timely, unbiased, and consistent fashion? How will reports be tailored for different audiences?*

Table 9-7: Activities for Ensuring Use and Sharing Lessons Learned

Activities for ensuring use and sharing lessons learned could include:

- Designing the evaluation to achieve intended use by intended users;
- Preparing stakeholders for eventual use by rehearsing throughout the project how different kinds of conclusions would affect program operations;
- Providing continuous feedback to stakeholders regarding interim findings, provisional interpretations, and decisions to be made that might affect likelihood of use;
- Scheduling follow-up meetings with intended users to facilitate the transfer of evaluation conclusions into appropriate actions or decisions; and
- Disseminating both the procedures used and the lessons learned from the evaluation to stakeholders, using tailored communication strategies that meet their particular needs.

Source: Joint Committee on Standards for Educational Evaluation. *Program Evaluation Standards: How to Assess Evaluations of Educational Programs*.

The second element of the program evaluation framework is a set of 30 standards for assessing the quality of evaluation activities. The evaluation standards are organized into four groups: utility, feasibility, propriety, and accuracy. The standards answer the question, "Will this evaluation be effective?" These evaluation standards have been approved by the American National Standards Institute and are endorsed by the American Evaluation Association and 14 other professional organizations. The 30 standards focus on the quality of the evaluation effort, while the framework's focus is more substantive.

Tables 9-2 and 9-3 contain a complete listing of the evaluation standards organized by group.

Table 9-8: Utility and Feasibility Standards for Effective Evaluation

Utility- The utility standards are intended to ensure that an evaluation will serve the information needs of intended users.

U1 Stakeholder Identification Persons involved in or affected by the evaluation should be identified, so their needs can be addressed.

U2 Evaluator Credibility The persons conducting the evaluation should be both trustworthy and competent to perform the evaluation, so that the evaluation findings achieve maximum credibility and acceptance.

U3 Information Scope and Selection Information collected should be broadly selected to address pertinent questions about the program and be responsive to the needs and interests of clients and other specified stakeholders.

U4 Values Identification The perspectives, procedures, and rationale used to interpret the findings should be carefully described, so that the bases for value judgements are clear.

U5 Report Clarity Evaluation reports should clearly describe the program being evaluated, including its context, and the purposes, procedures, and findings of the evaluation, so that essential information is provided and easily understood.

U6 Report Timeliness and Dissemination Significant interim findings and evaluation reports should be disseminated to intended users, so that they can be used in a timely fashion.

U7 Evaluation Impact Evaluations should be planned, conducted, and reported in ways that encourage follow-through by stakeholders, so that the likelihood that the evaluation will be used is increased.

Feasibility- The feasibility standards are intended to ensure that an evaluation will be realistic, prudent, diplomatic, and frugal.

F1 Practical Procedures The evaluation procedures should be practical, to keep disruption to a minimum while needed information is obtained.

F2 Political Viability The evaluation should be planned and conducted with anticipation of the different positions of various interest groups, so that their cooperation may be obtained and so that possible attempts by any of these groups to curtail evaluation operations or to bias or misapply the results can be averted or counteracted.

F3 Cost Effectiveness The evaluation should be efficient and produce information of sufficient value, so the resources expended can be justified.

Source: The Joint Committee on Standards for Educational Evaluation

Table 9-9: Propriety and Accuracy Standards for Effective Evaluation

Propriety- The propriety standards are intended to ensure that an evaluation will be conducted legally, ethically, and with due regard for the welfare of those involved in the evaluation, as well as those affected by its results.

P1 Service Orientation Evaluation should be designed to assist organizations to address and effectively serve the needs of the full range of targeted participants.

P2 Formal Agreements Obligations of the formal parties to an evaluation (what is to be done, how, by whom, when) should be agreed to in writing, so that these parties are obligated to adhere to all conditions of the agreement or formally to renegotiate.

P3 Rights of Human Subjects Evaluations should be designed and conducted to respect and protect the rights and welfare of human subjects.

P4 Human Interactions Evaluators should respect human dignity and worth in their interactions with other persons associated with an evaluation, so that participants are not threatened or harmed.

P5 Complete and Fair Assessment The evaluation should be complete and fair in its examination and recording of strengths and weaknesses of the program being evaluated, so that strengths can be built upon and the problem areas addressed.

P6 Disclosure of Findings The formal parties to an evaluation should ensure that the full set of evaluation findings along with pertinent limitations are made accessible to the persons affected by the evaluation and any others with expressed legal rights to receive the results.

P7 Conflict of Interest Conflict of Interest should be dealt with openly and honestly, so that it does not compromise the evaluation processes and results.

P8 Fiscal Responsibility The evaluator's allocation and expenditure of resources should reflect sound accountability procedures and otherwise be prudent and ethically responsible, so that expenditures are accounted for and appropriate.

Accuracy- The accuracy standards are intended to ensure that an evaluation will reveal and convey technically adequate information about the features that determine worth or merit of the program being evaluated.

A1 Program Documentation The program being evaluated should be described and documented clearly and accurately, so that the program is clearly identified.

A2 Context Analysis The context in which the program exists should be examined in enough detail, so that its likely influences on the program can be identified.

A3 Described Purposes and Procedures The purposes and procedures of the evaluation should be monitored and described in enough detail, so they can be identified and assessed.

A4 Defensible Information Sources The sources of information used in a program evaluation should be described in enough detail, so that they can be identified and assessed.

A5 Valid Information The information-gathering procedures should be chosen or developed and implemented so that they will assure that the interpretation arrived at is valid for the intended use.

A6 Reliable Information The information-gathering procedures should be chosen or developed and then implemented so that they will assure that the information obtained is sufficiently reliable for the intended use.

A7 Systematic Information The information collected, processed, and reported in an evaluation should be systematically reviewed, and any errors found should be corrected.

A8 Analysis of Quantitative Information Quantitative information in an evaluation should be appropriately and systematically analyzed so that evaluation questions are effectively answered.

A9 Analysis of Qualitative Information Qualitative information in an evaluation should be appropriately and systematically analyzed so that evaluation questions are effectively answered.

A10 Justified Conclusions The conclusions reached in an evaluation should be explicitly justified, so that stakeholders can assess them.

A11 Impartial Reporting Reporting procedures should guard against distortion caused by personal feelings and biases of any party to the evaluation, so that evaluation reports fairly reflect the evaluation findings.

A12 Metaevaluation The evaluation itself should be formatively and summatively evaluated against these and other pertinent standards, so that its conduct is appropriately guided and, on completion, stakeholders can closely examine its strengths.

Source: The Joint Committee on Standards for Educational Evaluation

Standards for Effective Evaluation. The evaluation standards help to assess whether a set of evaluative activities are well-designed and working to their potential. The program evaluation standards make conducting sound and fair evaluations practical by providing guidelines to follow when having to decide among evaluation options. The standards help avoid creating an imbalanced evaluation such as one that is accurate and feasible but not useful, or one that would be useful and accurate but is infeasible. In addition, the standards can be applied while planning an evaluation and throughout its implementation.

- F9.7 Recognizing that a well-conceived and well-executed assessment strategy is central and crucial to ODE's success in achieving educational excellence, ODE asked the Ohio Auditor of State (AOS) to review program assessment options and identify a framework that could be used for future evaluation efforts. After identifying an appropriate framework, ODE asked the AOS to complete two program evaluations using the selected tool.

Several program evaluation frameworks were reviewed, including Mark Friedman's results and performance accountability templates and worksheets. After taking into consideration the variety of programs housed at ODE, AOS concluded that the evaluation framework developed by the CDC was appropriate for use by ODE (**R9.8**). The recommended CDC framework was used to evaluate the Entry Year and Safe and Drug-Free Schools programs to determine their effectiveness. The results of the evaluations are presented in the next two sections.

Conclusion Statement

Decision-makers and stakeholders alike continue to stress the need for effective and efficient educational programs in the State of Ohio to help ensure the academic and social success of all students. Measuring performance and program evaluation are integral to strategic planning and determining whether or not an organization has achieved its stated goals. Program assessment is also important for the successful implementation of the Baldrige Criteria, and it is an essential element for effective performance-based budgeting. However, no ODE center or office is responsible for ensuring program evaluations are done consistently or on a regular basis throughout the Department. As a result, ODE is uncertain of the effectiveness of the programs currently being implemented and whether or not some programs should be discontinued.

Each program at ODE should be routinely and systematically evaluated using a standard methodology, such as the framework developed by the Centers for Disease Control and Prevention (CDC), to help ensure consistency between evaluations and the information gathered. The program evaluation framework developed by the CDC comprises six steps and incorporates the standards for effective program evaluation. The framework is well-suited for evaluating ODE's diverse programs.

ODE's Internal Research and Evaluation Council should be the means by which it implements the recommended CDC program evaluation methodology. The Research Council should be given the authority to effectively implement the methodology, have the responsibility for overseeing the Department's program evaluation efforts, and be in a position to advise the state superintendent on future research and program evaluation needs. Prior to starting the program evaluations, ODE should review the composition of the Research Council to ensure the individuals selected to serve on the Council have the authority to effectively implement a comprehensive program evaluation system within their Center. The Research Council should also complete the program evaluation to assist program administrators and evaluators in their program assessment efforts. The guidebook could be used throughout the Department to promote the completion of systematic program evaluations.

The recommended CDC evaluation framework was used to complete the Entry Year (EY) and Safe and Drug Free Schools (SDFS) program evaluations which are a part of this report. In many respects, Entry Year is a well-conceived program and ODE has worked steadily to refine and improve the mentoring and performance assessment parts of the program. However, ODE has also failed to adequately develop and formalize many parts of the program, particularly in the area of program assessment and strategic planning. OPD should begin by developing and adopting clear goals and objectives for the EY program to provide it with formal direction and criteria by which its effectiveness can be assessed. OPD also needs to develop and implement a process for systematically collecting, analyzing, and maintaining qualitative and quantitative performance data. A comprehensive performance data collection and analysis process is crucial for determining

program effectiveness, identifying areas requiring improvement and effective practices, and for demonstrating the value of the program to decision makers and the public.

The Safe and Drug Free Schools (SDFS) program is a federally funded program designed to reduce violence and the use of drugs, alcohol, and tobacco in the nation's schools. Ohio's SDFS program could be more effective if there was an increase in accountability on the state and local levels and compliance with the U.S. Department of Education's *Principles of Effectiveness*. Currently, ODE does not require districts to conduct a thorough needs assessment prior to implementing a SDFS program nor does it regularly review grantee activities or evaluation reports. The Office of Supportive Learning Environments also needs to begin collecting, analyzing, and maintaining qualitative and quantitative performance data in order to determine program effectiveness.

Entry Year

Background

At the request of ODE senior management, a program evaluation framework which could be used to evaluate all of ODE's programs was identified by AOS. The AOS used the recommended framework (**R9.8**) to complete the following Entry Year (EY) program evaluation.

Various sources were examined and several people were contacted during the evaluation. Interviews were conducted with the ODE staff responsible for the implementation of the program, staff processing EY grants in the Accounts Department, the Director of the Center for the Teaching Profession, and other ODE staff who have been involved with EY in the past. A representative from the Auditor of State's office attended an EY Advisory Committee meeting and spoke with local education agency officials participating in the program.

Evaluation Focus

The following program evaluation was undertaken to determine the effectiveness of the Ohio's Entry Year program as implemented in the form of a competitive grant program. Specifically, the evaluation answers the following questions:

- Is EY achieving its intended outcomes?
- Is the Office of Professional Development's (OPD) implementation of the program effective and compliant with relevant standards, such as ODE policy?
- How can EY be improved, both in terms of operations and to better achieve program outcomes?
- What program issues must be addressed before fall 2002 when EY becomes a statewide program in which all new teachers must participate and be assessed on their performance?

OPD can use the evaluation results to improve the effectiveness of the EY program and its operation of the program. ODE senior management can use the results to assess resource allocation, determine areas where EY program operations could be improved, and to ascertain the effectiveness of the program.

Performance Measures

The following is a list of performance measures that were used to conduct the evaluation of the Entry Year Program at ODE:

- Assessment of the *Ohio's Teacher Education and Licensure Standards*;
- Adequacy of OPD's EY request for proposals and the process used to award grants;
- Effectiveness of EY district proposals;
- Adequacy of program evaluations;
- Assessment of expenditure reports and cost of services;
- Implementation of 1998 EY evaluation recommendations made by the Western Michigan University Evaluation Center;
- Effectiveness of data collection efforts;
- Utilization of data collected;
- Assessment of EY program goals and performance indicators; and
- Adequacy of planning efforts for statewide implementation.

Program Description

The following program description sets the frame of reference for the findings, recommendations, and commendations which appear later in the report. In addition to explaining why the program was developed, the program description section outlines the grant process and the Praxis III assessment tool, details program funding and staffing levels, and includes a summary of operations.

The EY program consists of two main components, a mentoring experience and the requirement that beginning teachers pass a performance assessment. EY is intended to help new teachers adjust to full-time teaching, enhance their professional development, and ensure they demonstrate basic teaching skills. The EY program requirements are a part of the new *Ohio Teacher Education and Licensure Standards* adopted by the State Board of Education in October 1996. The new licensure standards are intended to improve the quality of teaching in Ohio's schools. EY is unique in the new standards, as it is the first time Ohio, or any other state, has required individuals to pass a performance assessment to obtain professional licensure. A key part of Entry Year is the performance assessment of the new teacher, which is used to determine if an individual holding a provisional license will be given a five-year professional license.

The new licensure standards apply to any individual admitted to a teacher preparation program at an approved college or university starting in fall 1998. Beginning with the 2002-2003 school year, all new teachers must successfully complete the EY requirement. Teachers failing to successfully complete the EY requirements and pass the performance assessment within two years are required to complete additional course work and field experiences before they can receive a new provisional license and be reassessed.

Entry Year Competitive Grant Process

FY 2000-2001 EY funding was awarded through a competitive grant process. Participation in EY is voluntary until fall 2002 and current funding is not intended to provide EY for all new starting teachers in a given year, but only to pilot EY in preparation for the statewide expansion in 2002. While this evaluation offers recommendations regarding issues that need to be addressed prior to EY becoming a statewide requirement, the evaluation was completed on the program as currently instituted. The grant process is summarized below.

The EY grant process begins with the issuing of the request for proposal, which is mailed to all school districts in the late spring. School district and consortium grant proposals are due in June. Proposals are read by at least three different evaluators and scores are based on how well the proposal meets certain criteria. The project proposal scores are standardized and are then compared and ranked in an objective manner.

After the proposals are ranked, OPD sends out letters to districts notifying them of their funding status. Districts receive \$2,000 for each EY teacher. According to OPD policy, half of the grant award is supposed to be sent to the grant recipients to begin the mentoring process. The other half of the grant award is to be held until a final roster of participating teachers is provided. OPD can then adjust any payments to reflect differences between the actual number of beginning teachers and the estimated number the district provided in its proposal.

While managing the distribution of grant awards, OPD coordinates with 12 Praxis III regional coordinators to ensure the EY teachers are assessed using the Praxis III performance assessment. Under the current competitive grant process, only half of the teachers participating in EY must be assessed, and the scores do not impact licensure. Two Praxis III assessments are completed, one in the fall and one in the spring.

The Praxis III regional coordinators are responsible for scheduling the assessments in their regions. Assessors evaluate the new teachers assigned to them and transmit the scores to ODE and the appropriate regional coordinator. OPD has trained approximately 800 assessors and plans to train another 700 to 800 assessors by FY 2003.

Once assessments are arranged and funding has been distributed, OPD has largely completed its major activities for the program year, except for trouble shooting and conducting a fall and spring meeting for program participants. OPD does not perform any site visits or other direct oversight of the programs. Grant recipients are supposed to submit expenditure reports and program evaluation reports by the end of the calendar year in which the program year ends. Office staff may review the evaluation reports, but little or no systematic analysis is done with the information and data included in the reports.

Praxis III Performance Assessment

The Praxis III Professional Assessment for Beginning Teachers was selected by ODE as the instrument for assessing the performance of new teachers in the EY program. Praxis III is an observational assessment of a teacher's classroom performance developed by the Educational Testing Service (ETS), a nonprofit company that offers many types of testing instruments, including the well-known Scholastic Aptitude Test or SAT.

Under Praxis III, teachers are evaluated against 19 criteria which are categorized into four major domains:

- Organizing content knowledge for student learning;
- Creating an environment for student learning;
- Teaching for student learning; and
- Teacher professionalism.

Assessors, who are typically current or retired teachers or education professors, score a teacher on each of the criteria. In addition to observing classroom performance to determine the score, the assessor interviews the teacher before the lesson regarding planning issues and after the lesson to discuss what happened during the lesson. From these three observations, the assessor completes a Record of Evidence which must clearly document observations made by the assessor to justify the score given for each criterion in each domain. The range of possible scores a teacher can receive for each criterion is presented in **Table 9-10**.

Table 9-10: Praxis III Scoring

Score	Scoring Rule
1.0	The teacher demonstrates a lack of understanding of the concept a criterion measures.
1.5	Above 1.0, but below level 2.0.
2.0	The teacher demonstrates some understanding of the concept the criterion measures.
2.5	Above 2.0, but below level 3.0.
3.0	The teacher demonstrates a comprehensive understanding of the criterion concept.
3.5	Above 3.0

Source: Educational Testing Service Teacher Performance Assessments Scoring Rules

As shown in **Table 9-10**, the possible score for each criterion ranges from 1 to 3.5, with six different scores possible. Three of the scores are defined only in terms of the score above and below them. For example, the scoring rules state a score of 2.5 means the teacher's performance showed more than some understanding of the concept, but less than a comprehensive understanding.

Currently, the Praxis III results are only used to provide feedback to the assessed teachers. However, beginning in fall 2002 all new teachers must successfully pass the Praxis III assessment to obtain their professional teaching license.

In December 2000, the State Board of Education approved the minimum scores that a teacher must receive to pass the Praxis III assessment. A new teacher must receive an overall score of at least 38 and a passing score on all four domains to successfully pass the assessment. A teacher would have to receive an average score of 2.0 on all 19 criteria to pass the Praxis III assessment.

Future of Entry Year

FY 2002 will be the last year EY exists as a competitive grant program. Beginning in FY 2003, ODE plans to provide funding for every new teacher in the state, approximately 5,000 to 6,000 teachers each year. ODE has not determined exactly how funding will be awarded after FY 2002 or what guidelines it will establish for districts' EY programs. ODE should consider using a formula grant

beginning in FY 2003 to provide each school district with a fixed dollar amount for each new teacher it hires.

Under the licensure standards, the primary responsibility for developing and implementing an EY program lies with each district, not ODE. The licensure standards only require that a district's EY program meet guidelines set by ODE and that the program is one academic year in length, or a minimum of 120 school days.

Entry Year Funding

Between 1990 and 1998, the state provided more than \$18 million for new teacher mentoring and performance assessment. During this time period, an additional \$4 million in federal funds were also spent on these activities. The amount spent on EY has steadily increased since 1998 in anticipation of FY 2003 when EY will be required statewide for all new teachers.

The following table contains the state funding awards for EY from FY 1999 and includes the requested appropriations for FY 2002 and FY 2003.

Table 9-11: EY State Funding Allocations for FY 1999-2003

Fiscal Year	Amount	Difference from Previous Year	Percent Change
1998	\$2,025,000	N/A	N/A
1999	\$2,414,100	\$389,000	19%
2000	\$4,134,000	\$1,720,000	71%
2001	\$4,600,000	\$466,000	11%
2002	\$8,300,000¹	\$3,700,000	80%
2003	\$19,400,000¹	\$11,100,000	134%

Source: ODE documents and the As Enacted version of the 2002-2003 budget bill

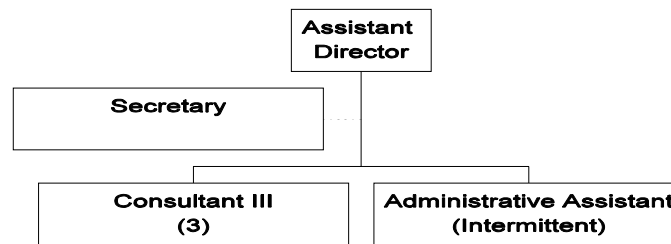
¹This is the appropriation amount.

ODE expended approximately \$6 million on EY programs in FY 2001. The large increase for FY 2003 is in anticipation of ODE providing funding for between 5,000 and 6,000 new teachers at a cost of \$2,000 per teacher and payment for up to 12,000 Praxis III assessments for the new teachers. Assessors are currently paid \$350 per completed assessment. The eight regional Praxis III coordinators responsible for overseeing the assessment process are each paid between \$10,000 and \$14,000 per year.

Program Location and Staffing

Located within the Center for the Teaching Profession, OPD is responsible for the operation of the EY program. OPD consists of six filled positions: 1 assistant director, 3 consultant IIIs, 1 intermittent administrative assistant, and 1 secretary. Currently, one consultant III position is vacant. OPD also contracts, in conjunction with the Board of Regents, for a project manager to facilitate the EY standard development process. The organizational structure and staffing levels for OPD are depicted in **Chart 9-1**.

Chart 9-1: Office of Professional Development Staff



Summary of Operations

The assistant director is responsible for the design and implementation of the EY program as well as promoting and facilitating professional development opportunities for Ohio's educators.

The first consultant III is primarily responsible for the coordination of the Praxis III performance assessments and score reporting. The consultant works in conjunction with the Praxis III coordinators and the Educational Testing Service. The second consultant III acts as the EY fiscal coordinator, assisting with the dissemination of EY funds. This consultant is also responsible for coordinating the grant process which includes sending out requests for proposals, reviewing district final budgets, and maintaining records of the number of EY teachers. The third consultant III is responsible for implementing Ohio FIRST (Formative Induction Results in Stronger Teaching), a program designed to provide structured mentoring activities for EY teachers. The contracted project manager coordinates the EY advisory committee which is developing standards to guide districts implementing the EY program.

The intermittent administrative assistant retrieves and imports data files related to the Record of Evidence (performance assessment documents used for Praxis III scoring), and maintains the Praxis III assessment files. The administrative assistant communicates with, and provides support to, the regional Praxis III coordinators. The regional Praxis III coordinators oversee the assessment process.

Findings and Commendations

Stakeholder Engagement

F9.8 AOS staff did not extensively engage the stakeholders in the EY program evaluation due to the nature of the request and the time constraints involved. ODE management and EY staff input were used to determine the scope and focus of the evaluation. ODE's internal Research Council and school districts participating in the EY program were not involved in the evaluation process (**R9.9**).

However, various sources were examined and several people were contacted during the evaluation. Interviews were conducted with the ODE staff responsible for the implementation of the program, staff processing EY grants in the Accounts Department, the Director of the Center for the Teaching Profession, and other ODE staff who have been involved with EY in the past. A representative from the Auditor of State's office attended an EY Advisory Committee meeting and spoke with local education agency officials participating in the program.

Program Description

Need for Entry Year

F9.9 Currently, the EY program attempts to address nationally recognized challenges faced by new teachers as they adjust to full-time teaching. These challenges cause a large number of teachers to leave the profession. The program is also a key component of the new *Ohio Teacher Education and Licensure Standards* which were adopted by the State Board of Education in October 1996. The new licensure standards were developed to improve the quality of teaching provided in Ohio's schools and are unique in that it is the first time Ohio, or any other state, has required individuals to pass a performance assessment to obtain professional licensure. Beginning with the 2002-03 school year, all new teachers will be required to successfully complete the EY requirement to obtain professional licensure. Educators failing to successfully complete the EY requirements in two years will be required to complete additional course work and field experiences before receiving another provisional license and having their classroom performance reassessed with the Praxis III instrument.

Expected Effects

F9.10 An effective Entry Year program should result in increased retention of new teachers, reduced recruitment and training costs for schools, and produce higher quality teaching,

which should eventually result in improved student achievement. To be successful after 2001, the program needs to ensure that all new teachers receive a high quality mentoring program and a valid and fair assessment of their ability to implement effective teaching strategies. Over the past five years, ODE has focused on developing the performance assessment and a model mentoring program for EY.

Still, OPD has not done an adequate job of conveying what results the EY program must produce to be considered a successful program on the state level. The OPD has not developed a formal mission statement, goals or objectives for EY even though they all represent varying levels of specificity regarding a program's expectations (**R9.25, R9.26**).

- F9.11 In January 2000, OPD created the Entry Year Advisory Committee to develop standards to guide local EY programs. The Advisory Committee is composed of local education agency representatives from around the state who are involved with the EY program. In December 2000, the Advisory Committee began drafting EY standards and a mission statement. The draft mission statement for the Entry Year program is as follows:

“The purpose of EY Program is to support and socialize the EY teachers and EY administrators from pre-professional life into a practicing professional. Through a formalized system of mentoring, EY teachers and EY administrators will more effectively engage in professional growth, participate more fully in the professional learning community, and move toward becoming a caring, competent, and high quality professional in a more efficient manner.”

Activities

The following section reviews how EY program activities and services are carried out in an effort to determine if EY program implementation is effective and compliant with relevant standards, such as ODE policy.

- F9.12 OPD follows a well-thought out RFP process. The request for proposals document disseminated by OPD provides thorough yet concise information on the necessary elements and expectations for quality proposals. Information on how proposals will be scored is also presented.

OPD has established a set of specific criteria for selected readers to use when judging the quality of proposals. A proposal is read by at least three people. Readers are typically Ohio FIRST trainers or Praxis III assessors. Each reader scores the proposal and provides comments about its strengths and weaknesses. The OPD scoring process includes training for readers on the scoring criteria, proposal evaluation, and benchmarking of a common

proposal to calibrate assessor scoring. While OPD does follow a thorough scoring process, it does not have written policies and procedures detailing the proposal scoring process.

OPD does not have formal written procedures explaining how the proposal evaluation and scoring process should be conducted. Written procedures are important for providing clear guidance on how proposal evaluation should be conducted, informing applicants, and for documenting OPD activities for management purposes (**R9.10**).

OPD also lacks written guidelines for ensuring that proposal reviewers have relevant expertise for judging proposals, do not have any conflicts of interest, and apply the appropriate criteria when making assessments. Such written policies and procedures are necessary to ensure consistency and fairness in the scoring process, and can also be provided to customers who may have questions about the process (**R9.10**).

F9.13 OPD does not have a written policy for handling complaints about proposal scoring. According to OPD, complaints about proposal scoring are handled by explaining the scoring method to the complainant, showing where the proposal scored relative to other proposals, and by offering assistance on how to develop the proposal for future years. Typically, a proposal would not be re-scored nor awarded a grant as the result of a complaint. Despite this unwritten policy, it appears that in at least one case, a district with a relatively low quality proposal was awarded a grant after complaining to ODE. Without a formal written policy, there is no clear process for complainants to follow (**R9.13**).

F9.14 According to its own policy, OPD should remit half of a district's grant award soon after grant award decisions are made. OPD is not supposed to remit the remaining 50 percent of the grant amount until a school district has returned an official roster listing the new teachers that will be participating in the program. This policy is designed to prevent overpayment to districts that end up having fewer new teachers than estimated at the time the proposal was submitted. The policy also permits OPD to have funding in hand for districts that have more new teachers than estimated in their proposals.

OPD has not consistently followed this policy. For example, in fiscal year 1999, records show that at least 11 districts were issued warrants for the full grant amount in August, before they had returned the roster of participating teachers. By not following its own policy OPD overpaid a total of \$82,000 to three districts. As a result, OPD had to use additional time and resources to obtain repayments from those districts.

It is possible that other districts received overpayments, which may or may not have been recovered by OPD. According to OPD personnel, ODE finance personnel responsible for actually issuing the grant warrants may have issued the warrants for the full amount of the grant even though OPD requested that only half the grant be sent out initially. Even if this

occurred, OPD staff still should have realized the error prior to sending out the checks to the districts (**R9.14**).

- F9.15 OPD organizes one meeting or conference for EY teachers and mentors in the fall and one in the spring. The fall meeting is primarily intended to serve as an orientation to EY participants. The spring meeting provides an opportunity to reflect on the previous year and share ideas about what worked and what did not work during the year.

In 2000, OPD created an Entry Year Advisory Committee to help develop quality standards for EY and provide stakeholder input. These meetings have helped ODE obtain useful feedback for improving the Entry Year program.

- F9.16 According to OPD policy, every district participating in EY must return a final evaluation report after the end of the program year. It appears that OPD has been unsuccessful obtaining compliance with this requirement. For example, in fiscal year 1999, no final report was on file for 77 percent, or 41 of the 53 participating districts. OPD also does not perform any systematic analysis of the information provided in the final reports.

The evaluations that do get returned are often of widely varying quality and provide disparate information. In fact, some reports (at least five in FY 1999) do not meet the requirements set forth in the RFP guidelines. The differences in the information presented in evaluation reports make it difficult to evaluate the program's effectiveness in a given district and to compare programs across districts. OPD cannot evaluate the effectiveness of EY unless timely, comparable final reports are submitted by districts and the report information is analyzed by staff (**R9.15, R9.16, R9.17**).

- F9.17 OPD does not have written policies and procedures for controlling and monitoring the Praxis III assessment process, such as guidelines for ensuring assessor quality and impartiality, fairness in scoring, and the timing and submission of assessments. OPD also does not formally and clearly define who can access score information, how Praxis III scores may be used, and how complaints or challenges to scores will be handled. According to ODE, these materials are being developed.

An evaluation of EY conducted by Western Michigan University in 1998 raised similar concerns about the implementation of the Praxis III assessments. For example, the evaluation concluded that there were problems with the scheduling and timeliness of assessments and recommended that Praxis III scores be monitored to ensure consistency over time and across raters (**R9.18**).

- F9.18 ODE has collected input and output information over the years, but does not maintain the information in a centralized and well-organized fashion so it can be readily accessed and easily analyzed. As a result, OPD cannot readily provide information such as costs and

participation for EY. Failure to adequately maintain this information prohibits OPD from effectively evaluating the EY program and from being able to answer stakeholder questions or meeting Baldrige requirements for information and analysis (**R9.19**).

- F9.19 OPD does not have a formal policy in place, nor does it follow an informal process, to ensure school district compliance with program requirements. Without actively monitoring EY participants, ODE cannot ensure program compliance (**R9.20**).

Resources

- F9.20 Between 1990 and 1998, the state provided more than \$18 million for new teacher mentoring and performance assessment. An additional \$4 million in federal funds were also spent on EY during this period. In FY 2001, approximately \$4.6 million was expended for the EY program. In anticipation of the implementation of the new Teacher Education and Licensure Standards, which are effective in FY 2003, ODE requested approximately \$10 million for FY 2002 and approximately \$21.1 million for FY 2003. H.B. 94, the biennial appropriation bill, earmarked \$8.3 million in FY 2002 and \$19.4 million for FY 2003 for the EY program (**R9.20**).

- F9.21 ODE's budget request for FY 2002-2003, includes funding to hire several hundred more Praxis III assessors, which will be needed to conduct thousands of additional assessments when EY becomes a licensure requirement in FY 2003. Depending on how OPD implements the statewide program it may or may not require additional staff to implement the program beginning in FY 2003. Additional staff could be new hires or staff reallocated from other areas. Implementing **R4.2** in the **Human Resources** section and recommendations from the **Strategic Planning** section would allow ODE to more effectively prioritize its activities and staff needs. Further, ODE could then determine if additional staff are necessary for EY and whether new staff would need to be new hires or individuals reallocated from other areas.

Stage of Development

- F9.22 EY was first authorized in 1989 in HB 111. The program was reauthorized in 1999 in HB 282. As of March 2001, ODE has not begun to determine the program's effectiveness even though EY is going to be converted from a competitive grant program to a mandated program for all schools employing first year teachers beginning in fall 2002 (**R9.21**). According to ODE, there are four data-driven research projects underway to assess Entry Year.

- F9.23 OPD has not adequately planned for how it will educate school districts about the EY program for fall 2002 when all districts will need to be aware of the program requirements and operation. To date, many school districts have not participated in EY, and those that have

participated will still need to be aware of changes made to the program as it goes from a competitive grant process to a statewide requirement.

A 1998 evaluation conducted by Western Michigan University also recommended that OPD develop a complete set of descriptive materials about the program and the roles of those involved in the program for use, as appropriate, by EY teachers, mentors, assessors, principals, and other stakeholders to eliminate confusion about the program. To date this recommendation has not been fully implemented. These materials can be used to help everyone involved with EY understand the program and their role and responsibilities. Developing such explanatory materials will become particularly critical in the fall of 2002 when all districts with new teachers will have to provide an Entry Year program (R9.22). ODE has begun to develop and distribute some of these materials.

Logic Model

F9.24 OPD does not have a formal logic model explaining how achieving EY goals and objectives will bring about the desired changes and how and why program activities should work, theoretically, to accomplish program goals and objectives. Developing a plausible logic model is also essential to meeting the standards for effective evaluation and for making decisions to change the program based upon performance data (R9.23).

Evaluation Design Focus

F9.25 Program evaluations should be focused to assess the issues of greatest concern to stakeholders while using time and resources as efficiently as possible. Articulating an evaluation's purpose can prevent premature decision-making regarding how the evaluation should be conducted. Characteristics of the program, particularly its stage of development, will influence the evaluation's purpose. The evaluation's purpose, questions to be addressed, users and uses, methods, and agreements should all be considered when determining its scope and focus.

Evaluation Purpose and Questions to be Addressed

F9.26 The EY program evaluation was undertaken to gain insight and assess the effects of the program. Specifically, the evaluation attempts to answer the following questions:

- Is EY achieving its intended outcomes?
- Is the Office of Professional Development's implementation of the program effective and compliant with relevant standards, such as ODE policy?

- How can EY be improved, both in terms of operations and to better achieve program outcomes?
- What program issues must be addressed before fall 2002 when EY becomes a statewide program in which all new teachers must participate and be assessed on their performance?

See the **Conclusion Statement** of this section for the summary answers to these questions.

Users and Uses

F9.27 The evaluation results can be used by EY program staff and ODE senior management. OPD can use the evaluation results to improve the effectiveness and operation of the EY program. ODE senior management can use the results to assess resource allocation, determine areas where EY program operations could be improved, and to ascertain the effectiveness of the program.

Methods

F9.28 AOS staff examined program documents and interviewed EY staff for the evaluation. Interviews were conducted with the ODE staff responsible for the implementation of the program, staff processing EY grants in the Accounts Department, the Director of the Center for the Teaching Profession, and other ODE staff who have been involved with EY in the past. AOS staff also attended an EY Advisory Committee meeting and spoke with local education agency officials participating in the program.

Qualitative and quantitative data were collected during the evaluation. In addition, the following documents were reviewed during the process: *Ohio's Teacher Education and Licensure Standards*; the OPD's EY request for proposals; EY district proposals, program evaluations; expenditure reports; an EY evaluation conducted in 1998 by the Western Michigan University Evaluation Center; academic research on effective mentoring and teaching; and other program correspondence and documentation.

Evaluation Agreements

F9.29 No formal agreements were developed for the EY program evaluation conducted by AOS and no stakeholders were directly involved in the planning of this evaluation. In addition, contact with districts participating in EY was minimal. In future EY evaluations completed by ODE staff, ODE may seek district participation to collect comparable data on each district's EY program when assessing the program's effectiveness. ODE will also need to

ensure that data collection and reporting done for evaluation purposes protects the privacy of individual mentors and new teachers.

Gathering Credible Evidence

When conducting an evaluation, steps should be taken to collect information that will create a well-rounded picture of the program and will be seen as credible by the evaluation's primary users. Credible evidence strengthens evaluation conclusions and recommendations. Five aspects of evidence gathering typically affect perceptions of credibility: indicators, sources, quality, quantity, and logistics.

Indicators

F9.30 Indicators address criteria that will be used to judge the program and reflect aspects of the program that are meaningful for monitoring. Entry Year does not have clearly defined program goals. Program effectiveness cannot be assessed unless OPD has well-defined goals by which it can measure how well program outcomes are being achieved. Clearly defined program goals are also needed for OPD to develop relevant performance objectives and indicators. Developing program goals is also essential to meeting the standards for effective evaluation and the Baldrige requirement for information and analysis (**R9.25**)

F9.31 OPD has not developed objectives nor has it identified performance indicators for the EY program. To date, evaluation of EY has been almost exclusively informal and qualitative. Evaluation efforts have also lacked direction because OPD does not have clear goals and objectives for EY. Also, OPD performs no systematic analysis, of the cost of the Praxis III assessments or Praxis III score data it collects, designed to assess program effectiveness. ODE has worked with ETS on analyzing scoring data to determine the minimum score new teachers will need in order to pass the Praxis III assessment and receive a professional license.

OPD has contracted for research projects, which are underway assessing program development in the districts and comparing Praxis III scores between established program and districts that do not have EY programs. One study will identify the status of mentoring in the state, projected need for mentors over the next three years, and assessment of what programs appear to produce the best Praxis results.

To achieve the long term goal of overall improvement in the quality of instruction, useful objectives need to be created and performance data collected and analyzed by OPD on a routine basis. Effective objectives are measurable, relate back to the program goals and capture key performance aspects related to the program goals.

Useful performance indicators link directly back to program objectives and provide insight to the progress made toward achieving the objectives. Typically, more than one indicator should be collected for a given objective. Multiple indicators capture different aspects of performance and serve as validity checks on one another (**R9.26**). Because ODE has not systematically collected the data necessary to analyze the effectiveness of EY, it is not possible to accurately assess EY's achievement of desired outcomes.

Sources of Evidence

F9.32 ODE has not systematically collected and maintained necessary program data and comparable evaluation information by which to evaluate the program. EY cannot be evaluated, particularly over the long term, if ODE does not collect and maintain historical data in an organized fashion that permits easy retrieval and manipulation for analysis purposes (**R9.27**).

Quality and Quantity of Evidence

F9.33 According to OPD policy, every district participating in EY is required to return a final evaluation report within several months of the end of the program year. It appears that OPD has been unsuccessful in obtaining compliance with this requirement. For example, in FY 1999, no final report was on file for 77 percent, or 41 out of 53, of the participating districts. In addition, OPD does not perform any systematic analysis of the information provided in the final reports.

The evaluations that do get returned are often of widely different quality and provide disparate information. Some reports, at least 5 in FY 1999, do not meet the requirements set forth in the RFP guidelines. The differences in the information presented in evaluation reports make it difficult to evaluate the program's effectiveness in a given district and to compare programs across districts. OPD cannot evaluate the effectiveness of EY unless timely and comparable final reports are submitted by districts and the report information is analyzed by staff (**R9.28, R9.29, R9.30**).

Logistics

F9.34 Logistics encompass the methods, timing, and physical infrastructure for gathering and handling evidence. ODE has collected some input and output information over the years, but it does not maintain the information in a centralized and well-organized fashion so it can be readily accessed and easily analyzed. As a result, OPD cannot readily provide information such as costs and participation for EY. Failure to adequately maintain this information prohibits OPD from effectively evaluating the EY program and from being able to answer

stakeholder questions or meeting Baldrige requirements for information and analysis (**R9.31**, **R9.32**).

Conclusion and Justification

Standards

F9.35 Evaluation conclusions are considered to be justified when they are linked to the evidence gathered and judged against agreed-upon values or standards set by stakeholders. Standards, analysis and synthesis, interpretations, judgements, and recommendations must be taken into consideration when justifying conclusions. Standards reflect the values held by stakeholders, and those values provide the basis for forming judgements concerning program performance.

In practice, when stakeholders articulate and negotiate their values, these become the standards for judging whether a given program's performance will, for example, be considered successful, adequate, or unsuccessful. ODE can look to its strategic plan for the values upon which to judge the Entry Year program. Specifically, the program must be able to demonstrate that it builds the capacity of teachers and, eventually, show a link to student achievement. OPD and ODE upper management will have to work together to decide what level of performance is required to make various program decisions, such as increasing funding for the program, making changes in program operations, or eliminating the program.

Analysis and Synthesis

F9.36 Analysis and synthesis of an evaluation's findings might detect patterns in evidence, either by isolating important findings (analysis) or by combining sources of information to reach a larger understanding (synthesis). Deciphering facts from a body of evidence involves deciding how to organize, classify, interrelate, compare, and display information. These decisions are guided by the questions being asked, the types of data available, and by input from stakeholders and primary users.

At a minimum, OPD should use basic descriptive statistics to present survey and other data collection results, along with calculating and statistically analyzing the performance indicators suggested for EY in **R9.26**. To date, OPD has done a reasonable job of performing evaluations on participant satisfaction and presenting qualitative, anecdotal, data on the program. OPD should focus its analysis on assessing achievement of program outcomes using both quantitative and qualitative data.

Interpretation

F9.37 Interpretation is the process of determining what the findings mean and is part of the overall effort to understand the evidence gathered in an evaluation. Uncovering facts regarding a program's performance is not sufficient to draw evaluative conclusions. When evaluating EY, OPD should focus on the practical implications of the performance indicators and other data it collects to assess the effectiveness of the EY program.

Judgement

F9.38 Judgements are statements concerning the merit, worth, or significance of the program. Both ODE management and OPD staff should use the evaluation analysis to make judgments about the benefits of the program and informed recommendations regarding program improvements, future funding, and expansion or elimination.

Recommendations

F9.39 Recommendations are actions for consideration resulting from the evaluation. Forming recommendations is a distinct element of the program evaluation that requires information beyond what is necessary to form judgements regarding program performance. Recommendations that lack sufficient evidence or those that are not aligned with stakeholders' values can undermine an evaluation's credibility. By contrast, an evaluation can be strengthened by recommendations that anticipate the political sensitivities of intended users and highlight areas that users can control or influence.

The goal of evaluating EY should be to make recommendations for OPD and ODE management to consider and act upon as deemed appropriate. Evaluation recommendations could include suggestions for program improvement, future funding and resource needs, and program expansion or elimination.

C9.2 ODE should continue the biannual meetings and continue to convene the EY Advisory Committee on a regular basis as a way to obtain stakeholder input and buy-in, both of which can be used to improve Entry Year. The two EY meetings organized by OPD provide a good forum for informally evaluating the program and for discussing best practices. The meetings also provide a good opportunity for communication and sharing between districts and between ODE and the districts. These meetings appear to have resulted in positive changes in EY, such as awarding grants earlier in the year, so districts can begin the mentoring part of the program before school starts. Communicating with and listening to customers and stakeholders is also important for meeting Baldrige Award requirements regarding customer focus, process improvement, and information and analysis.

Recommendations

The following EY recommendations are based on observations made during the evaluation. These recommendations also work to answer the four evaluation questions identified by the AOS and ODE senior management and presented in the EY **Background** subsection. Implementing these recommendations prior to FY 2003 is critical if ODE is to successfully implement EY statewide.

Engage Stakeholders

R9.9 Future EY evaluation efforts should include ODE's Internal Research Council and allow the participating school districts and additional ODE program staff to be more involved in the process (**F9.8**). ODE should consider using the EY Advisory Committee (**F9.11**) to engage the school districts and local stakeholders in the EY evaluation process. Stakeholder involvement is important to ensure the appropriate program elements, such as objectives or outcomes, are addressed. When the appropriate stakeholders are not engaged, the evaluation findings and recommendations may be ignored, criticized, or resisted because a stakeholder's concern may not be addressed.

Program Description

Activities

R9.10 OPD should have formal written procedures explaining the proposal evaluation and scoring process. Written procedures provide clear guidance for how proposal evaluation should be conducted. These policies and procedures should also include guidelines, recommended by the GAO for federal Department of Education proposal scoring in GAO/HEHS-00-55 Education Discretionary Grants, for ensuring that proposal reviewers have relevant expertise, do not have any conflicts of interest, and apply the appropriate criteria when making assessments. Written policies and procedures will help to ensure consistency and fairness in the scoring process, and can also be provided to anyone who may have questions about the process. Establishing formal written procedures also addresses Baldrige requirements for process management and the core value of public responsibility (**F9.12**).

R9.11 OPD should consider requiring school districts or consortiums to submit EY plans, similar to the current grant proposal, explaining how EY will be implemented and detailing how EY funds will be used after FY 2002. Requiring this information will help OPD to evaluate the quality of each district or consortium program and will provide detailed standards to which each district's EY program can be held even if a grant process is not used to award funds.

While OPD may not need or want to follow the detailed scoring procedures it uses for the current grant award process, it still would be advisable to evaluate and provide feedback to

each district on the strengths and weaknesses of its EY plan. This is one way to provide necessary program oversight and assure that each district is providing a quality EY program.

OPD could use standards from the current grant application requirements and standards being developed by the EY Advisory Committee in its evaluation of district EY plans. At a minimum, OPD should require that mentors receive training on effective mentoring and Praxis concepts. OPD should also establish a minimum amount of time that mentors and EY teachers must meet. These are minimum requirements for an effective mentoring program, according to research presented in the article “Some Surprising Findings on How Teachers Learn to Teach” from the *Journal of Educational Leadership* (F9.12).

OPD should also require each school district wanting to receive EY funding to provide a copy of an overall staff development plan, overseen by the local professional development committee, that includes EY and is integrated into a larger strategic plan or a plan for continuous improvement in the district. The article “Staff Development for Student Outcomes” states that a mentoring program can only be effective if the program is part of a broader staff development and district improvement effort.

R9.12 OPD should establish procedures for handling districts that do not comply with the EY guidelines and requirements. ODE must ensure that it can enforce its standards to help guarantee all new teachers participate in a quality Entry Year program that gives them adequate preparation for the Praxis III assessment.

One option is to withhold or reduce EY funding for districts that do not meet the standards. OPD should request the State Board of Education to promulgate an administrative rule giving it the authority to adopt and enforce a policy for handling noncompliance with EY guidelines. Once adopted, OPD should educate appropriate school district officials to ensure awareness of the policy. OPD can fairly enforce the policy, which will provide a legal justification for any action ODE takes against districts that do not meet the EY requirements (F9.33).

R9.13 OPD should develop a written policy explaining how complaints regarding proposal scoring and ranking are to be handled. A written policy will help ensure that any complaints are handled fairly and consistently, while providing legal protection for OPD and addressing Baldrige requirements for process management and customer focus (F9.13).

R9.14 OPD should ensure that its grant payment policy is followed. This may require OPD personnel to verify that the amount on each check is 50 percent of the grant award before the checks are mailed. Following this policy will ensure that program funds are spent for program purposes and will prevent OPD from having to use its resources to correct preventable errors. OPD should communicate and collaborate with its account clerk and

other necessary ODE account department personnel to ensure that checks are issued for the proper amounts (F9.14).

R9.15 OPD should use the final evaluation reports to systematically analyze the effectiveness of district EY programs. The evaluation reports can be critical tools for OPD in determining and sharing effective EY practices and for identifying areas for improving the program. Using the reports to analyze program effectiveness is also important for meeting Baldrige information and analysis requirements and demonstrating the core values of organizational learning and focus on results (F9.33).

R9.16 OPD should develop a standardized final evaluation report form or guide that specifies, at least minimally, what information must be provided in the final report. This could include developing evaluation instruments for districts to use in their programs. **Appendix 9A** includes examples of skill and attitudinal surveys from the Arkansas mentoring program that could be used and/or adapted by OPD and required of districts implementing Entry Year. Requiring districts to use some of the same evaluation instruments could be helpful when evaluating the effectiveness of EY both at the district level and statewide. Requiring the collection and reporting of some important common information, will enable ODE to more effectively evaluate the program and better meet Baldrige criteria relating to information and analysis. A more standardized format could also reduce the time required to analyze the final evaluations, and could facilitate the development of an electronic submission of common evaluation data (F9.33).

R9.17 OPD should take steps to ensure that districts return final evaluation reports on time. One option is to retain a portion of each district's funding until the report is returned. OPD should request the State Board of Education to promulgate an administrative rule giving it the authority to adopt and enforce a policy for handling noncompliance with EY guidelines, such as the final evaluation report requirement.

Once adopted, OPD should educate appropriate school district officials to ensure that districts are aware of the policy. OPD can then fairly enforce the policy, which will provide a legal justification for any action ODE takes against districts that do not return final reports. Obtaining completed final evaluations is critical to assessing program effectiveness, as well as identifying effective EY practices and areas that require improvement (F9.33).

R9.18 OPD should develop written policies and procedures for controlling and monitoring the Praxis III assessment process. These policies and procedures should establish guidelines for ensuring assessor quality and impartiality, fairness in scoring, the timing and submission of assessments, addressing problems with assessors that are not following the appropriate scoring methodology or other assessment guidelines, and for handling scores that are determined to have been arrived at through inappropriate scoring methodology. OPD must

also clearly define who can access score information, how Praxis III scores may be used, and how complaints or challenges to scores will be handled.

Such policies and procedures will help guarantee the fairness and consistency of the Praxis III scoring. Creating and following assessment control and monitoring procedures will be particularly important for addressing legal challenges that are likely to arise after Fall of 2002 when professional licensure decisions are made using the Praxis III performance assessment. Comprehensive performance assessment policies and procedures also meet Baldrige criteria for process management and public responsibility (**F9.17**).

R9.19 OPD should maintain input, output, and other performance information in an electronic format that provides for ready access, retrieval, and manipulation for analysis purposes. This will enable ODE to more effectively evaluate the program, meet stakeholder requests, and meet Baldrige requirements. OPD should work with the Office of the Chief Information Officer to determine how collecting and maintaining EY data in an electronic format can best be accomplished, particularly in light of the development of an ODE data warehouse.

R9.20 OPD should develop formal policies and procedures for desktop reviews and site visits designed to assess program activities and compliance. Recommendation **R3.5** in the **Priority Setting** section provides more detail on the minimum requirements for grant monitoring policies and procedures. Creating formal policies and procedures and actively monitoring grant recipients can improve OPD's ability to evaluate EY and work with districts to improve their EY programs (**F9.19**).

Stage of Development

R9.21 ODE should begin to formally evaluate program outcomes and prepare for 2003 when EY becomes a statewide program. OPD should be collecting baseline data now to facilitate the evaluation process. While ODE has collected Praxis III score data, it should collect and maintain cost, participation, score, retention, and other data necessary to calculate performance indicators, such as those presented in **R9.26**, for each year. It is important that comprehensive historical data be maintained in a format, such as an electronic database, that will facilitate ready access and systematic analysis of the data. This will enable ODE to assess the effectiveness of the program and identify areas that should be examined for improvement.

R9.22 OPD should continue to develop materials that educate school districts about the requirements and operation of EY, so that they will be prepared to participate in the fall of 2002. Creating and providing formal descriptions of the program and affected parties' roles will be important to educating all persons involved about the program, so that statewide

implementation can go smoothly and successfully. Developing and distributing these materials also demonstrates a customer focus under the Baldrige criteria (F9.23).

Logic Model

R9.23 OPD should develop a logic model that explains the theory behind how the program goals and objectives will work to bring about the desired change, and how program activities will work to meet the stated objectives. It is important to understand how the program activities relate to program goals and objectives in order to assess program effectiveness and make beneficial changes to the program based upon the performance indicators (F9.24). The following is an example of a plausible logic model for Entry Year. The logic model explains the relationship between the suggested goal statement and objectives presented previously:

Relationship Between Goal Statement and Activities: Entry Year should work to improve teacher retention, the quality of instruction, and ultimately, student achievement because the program includes a mentoring aspect, a professional development aspect based upon sound scientific research findings, and an assessment that requires a basic competency.

According to educational research, such as that presented in the *Journal of Professional Development* article “Staff Development for Student Outcomes,” professional development must be a comprehensive process covering the entire career of each educator in order to ensure that educators learn and effectively develop the knowledge and skills necessary to improve student achievement. This research and research on teacher retention also demonstrates that the first few years are crucial in the professional development and retention of new teachers. Entry Year is an important way ODE can ensure that all new teachers begin their careers with a high quality professional development experience, which should improve participants’ instructional capabilities.

A teacher’s first few years are also critical in determining if he or she will remain in the teaching profession. According to Warren C. Hope in “Principals’ orientation and induction activities as factors in teacher retention,” 40 percent of new teachers in America resign during their first two years. Two major reasons that new teachers leave the profession are that they receive little social and professional support and feel isolated from their colleagues. This research shows that an effective induction or mentoring program can significantly increase the percentage of new teachers that decide to stay in the teaching profession. Increasing the numbers of new teachers that Ohio’s schools retain will help to increase the overall quality of the teaching staff by increasing the number of experienced teachers in schools.

Entry Year should also improve the quality of instruction in Ohio because new teachers will be trained in skills and techniques that are proven to enhance student learning. Not only does

EY train educators in these proven methods, but the assessment portion of the program is designed to ensure that only individuals who demonstrate a basic competency in these methods can become certified teachers.

The implementation of EY should help to ensure that Ohio has a large pool of experienced teachers using proven instructional methods. This should eventually result in systematic improvements in the quality of instruction and should lead to improved student achievement throughout Ohio.

Relationship Between Program Activities and Objectives: The selection and incorporation of Praxis concepts and methods is designed to meet the objective to increase the quality of instruction provided by new teachers. The selection of the Praxis system (or another similar system) is important because the Praxis concepts and methods are based upon the best scientific research available on effective teaching. Therefore, the EY program seeks to train new teachers in the best proven methods available. Also, the program seeks to increase the quality of instruction by requiring teachers to demonstrate competency in actually implementing the Praxis methods in the classroom.

To meet the second objective of Praxis success, OPD has incorporated the Praxis III concepts and terminology in all aspects of EY. Mentor training for EY is increasingly done through a program called Ohio FIRST, which incorporates software and training materials that use the Praxis III concepts and terminology regarding teaching. ODE has also involved college of education personnel from Ohio's colleges and universities so that they can incorporate the Praxis ideas into their teacher preparation curriculum. Finally, the mentor and Entry Year teacher interactions are structured around the Praxis concepts.

Objectives to increase teacher retention and reduce recruitment and training costs, are accomplished primarily through the mentoring portion of the EY program. According to the article "Principals' orientation and induction activities as factors in teacher retention," an effective new teacher mentoring or induction program can significantly increase teacher retention by providing professional and emotional support to new teachers who otherwise can feel isolated and unsupported. If the mentoring portion of EY is successful in improving teacher retention then schools should eventually have a higher percentage of experienced teachers, which should result in better teaching. A higher teacher retention rate should also mean reduced recruitment and training costs for school districts.

Evaluation Design Focus

Method

R9.24 ODE should use a performance measurement evaluation method involving the development of program objectives and the collection of input, output, and outcome data to assess progress toward the program, such as recommended in **R9.25** and **R9.26**.

Gathering Credible Evidence

Indicators

R9.25 OPD should develop clearly defined goals for the EY program which detail expected changes as a result of the program. The goals should also support ODE's mission to improve student achievement. A suggested goal statement for the EY program is as follows: "The Entry Year program is intended to increase the retention of new teachers and improve and enhance the professional development of beginning teachers in order improve the quality of instruction in Ohio schools, and ultimately to increase academic achievement." (**F9.30**)

R9.26 OPD should develop objectives and performance indicators to systematically assess progress toward its goals and objectives, and collect the necessary data to assess attainment of the performance measures. Performance indicators should be a mix of quantitative and qualitative measures that gather information on inputs, outputs, and outcomes.

Program effectiveness cannot be assessed unless OPD has clear objectives and performance indicators by which to measure how well program outcomes are being achieved and what resources are being used to achieve those outcomes. Developing program objectives and indicators is also essential to meeting the Baldrige information and analysis requirement and the standards for effective evaluation (**F9.31**).

Based upon a review of program materials, interviews, and other evaluation activities, AOS developed example performance indicators that ODE could use to evaluate Entry Year. These suggested EY objectives, along with performance indicators for measuring inputs, outputs, and outcomes, are as follows:

Table 9-12: Suggested Objectives and Indicators for ODE's EY Program

Objective: Increase the quality of instruction provided by new teachers
<p><i>Input Indicators</i></p> <ul style="list-style-type: none"> ● Full-time equivalent ODE employees implementing the program ● Total ODE staff hours spent working on EY ● Total annual number of EY teachers ● Total annual number of EY mentors ● Total annual number of districts participating in EY (with a list of the specific districts) ● Total annual number of other educational entities involved (e.g., RPDCs, ESCs, Universities, etc.) ● Total annual number of stakeholder meetings and meeting hours spent by staff on EY ● Total annual number of districts that received special technical assistance from staff ● Total documented hours spent on EY by districts (e.g., mentor training, teacher & mentor activities, etc.)
<p><i>Output Indicators</i></p> <ul style="list-style-type: none"> ● Total annual number of grants awarded ● Total annual grant proposals reviewed ● Number and percent of districts returning end-of-year evaluation ● Number of teachers in each district that participated in EY
<p><i>Outcome Indicators</i></p> <ul style="list-style-type: none"> ● Ratio of average Praxis score, total and by domain, of a random sample of new teachers not participating in EY compared to scores for EY teachers in FY 2002 ● Average total Praxis III score and average score in each domain each year by district, college of education, and statewide ● Average score on Praxis III for a random sample of experienced teachers (collect every 3 to 5 years) ● Average score on proficiency tests (or related tests) by district, college of education, and statewide ● District passing rate on proficiency tests (or related tests) by district and statewide ● Results of new teacher skills survey by district, college of education, and statewide (See Appendix 9A for example survey) ● Results of analysis performed on end-of-the-year evaluations

<p>Objective: Prepare new teachers to successfully pass the Praxis III examination</p>
<p><i>Input Indicators</i></p> <ul style="list-style-type: none"> ● Total cost of assessments including regional coordinator pay, assessor training costs, etc. ● Total annual number of qualified assessors ● Total annual number of mentors trained in Pathwise, an induction program using Praxis concepts ● Total annual number of Praxis III assessors trained.
<p><i>Output Measures</i></p> <ul style="list-style-type: none"> ● Total annual number of teachers assessed using Praxis III ● Total annual number of Praxis III assessments administered
<p><i>Outcome Indicators</i></p> <ul style="list-style-type: none"> ● Percent of teachers passing the Praxis examination each year by district, college of education, and statewide. ● Percent of teachers passing the Praxis assessment by attempt by district, college of education, and statewide. ● Passing rates by district, college of education, and statewide.
<p>Objective: Increase new teacher retention by providing support to meet the individual needs of new teachers.</p>
<p><i>Input Indicators</i></p> <ul style="list-style-type: none"> ● Total contact hours between new teachers and mentors (by district and statewide) ● Total number of mentors trained in Ohio FIRST or other ODE certified mentoring models ● Percent of districts using Ohio FIRST or other ODE certified mentoring models
<p><i>Output Indicators</i></p> <ul style="list-style-type: none"> ● Number and percent of districts beginning EY activities prior to the start of the school year ● Results of new teachers attitudinal surveys (See Appendix 9A for a sample survey)
<p><i>Outcome Indicators</i></p> <ul style="list-style-type: none"> ● New teacher retention rate (teachers with one to three years of experience in state, and by district divided by the number of teachers assessed with Praxis III in the previous three years).

Objective: Reduce cost of new teacher recruitment and training
<p><i>Input Indicators</i></p> <ul style="list-style-type: none"> ● Total annual cost of the program ● Total federal and total state funds spent on the program each year ● Total local funds spent on program-related activities each year ● Total annual cost per EY teacher.
<p><i>Output Indicators</i></p> <ul style="list-style-type: none"> ● Percent of total annual grant moneys returned unspent. ● Number and percent of all districts receiving more than half of the EY total award before returning a final roster ● ODE administrative costs compared to total annual program cost.
<p><i>Outcome Indicators</i></p> <ul style="list-style-type: none"> ● Increase in new teacher retention rate times previous year's number of new teachers times \$2,000 (or current grant amount), which provides an estimate of the training cost savings resulting from EY. ● Total program cost per EY teacher passing the Praxis III assessment each year.

Sources of Evidence

R9.27 OPD should include in its annual EY activities a formal and ongoing process for collecting and analyzing evaluation data and making changes based upon this analysis. Analyzing key program data and using it to make improvements in the program is critical if OPD is to meet office, center, and ODE missions and goals, including meeting Baldrige criteria (**F9.18**).

Quality and Quantity of Evidence

R9.28 OPD should use the final evaluation reports to analyze the effectiveness of district EY programs. The evaluation reports can be a critical tool for OPD in determining and sharing effective EY practices and for identifying areas for improving the program. Using the reports to analyze program effectiveness is also important for meeting Baldrige information and analysis requirements and demonstrating the core values of organizational learning and focus on results (**F9.33**).

R9.29 OPD should develop a standardized final evaluation report form or guide that specifies, at least minimally, what information must be provided in the final report. This could include developing evaluation instruments for districts to use in their programs. **Appendix 9A**

includes examples of skill and attitudinal surveys from the Arkansas mentoring program that could be used and/or adapted by OPD and required of districts implementing the Entry Year program. Requiring districts to use some of the same evaluation instruments could be helpful when evaluating the effectiveness of EY both at the district level and statewide. Requiring the collection and reporting of some important common information, will enable ODE to more effectively evaluate the program and better meet Baldrige criteria relating to information and analysis. A more standardized format could also reduce the time required to analyze the final evaluations, and could facilitate the development of an electronic submission of common evaluation data (F9.33).

R9.30 OPD should take steps to ensure that districts return final evaluation reports on time. One option is to retain a portion of each district’s funding until the report is returned. OPD should request the State Board of Education to promulgate an administrative rule giving it the authority to adopt and enforce a policy for handling noncompliance with EY guidelines, such as the final evaluation report requirement.

Once adopted, OPD should educate appropriate school district officials to ensure that they are aware of the policy. OPD can then fairly enforce the policy, which will provide a legal justification for any action ODE takes against districts that do not return final reports. Obtaining completed final evaluations is critical to assessing program effectiveness, as well as identifying effective EY practices and areas that require improvement (F9.33).

Logistics

R9.31 OPD should maintain input, output, and other performance information in an electronic format that provides for ready access, retrieval, and manipulation for analysis purposes. This will enable ODE to more effectively evaluate the program, meet stakeholder requests, and meet Baldrige requirements. OPD should work with the Office of the Chief Information Officer to see how collecting and maintaining EY data in an electronic format can best be accomplished, particularly in light of the development of an ODE data warehouse (F9.32).

R9.32 ODE should report selected performance indicators for EY on school districts’ and colleges’ education report cards. This practice will help ODE meet part of its mission to, “*Measure, publicize, and reward results and hold all educators and students responsible for them.*” Reporting the indicators also demonstrates adherence to core Baldrige values, such as public responsibility, citizenship, and focus on results.

Ensuring Use and Sharing Lessons Learned

R9.33 The results of the EY evaluation should be shared with all stakeholders including the OPD staff responsible for the EY program, the Research Council, ODE senior management, and the EY Advisory Committee. Prior to the release of the evaluation results, the purpose and goals of the evaluation should be reiterated to the stakeholders along with the process used to complete the evaluation. The stakeholders should use the evaluation results to guide them in their decision making regarding the EY program.

After the EY evaluation has been completed, the Research Council should follow-up with the OPD staff assigned to the program as well as ODE senior management to help ensure appropriate action is taken to improve the effectiveness and performance of the program. Reaching justified conclusions in an evaluation can seem like an end in itself; however, it is the beginning of a whole new decision making and planning process. After the follow-up has been conducted, and the appropriate actions have been decided on, those decisions should be communicated to the relevant audiences and stakeholders in a timely, unbiased, and consistent fashion. Lessons learned from the evaluation should also be communicated.

Entry Year Conclusion Statement

Is the Office of Professional Development's (OPD) implementation of the program effective and compliant with relevant standards, such as ODE policy?

In many respects, Entry Year is a well-conceived program and ODE has worked steadily to refine and improve the mentoring and performance assessment components of the program. However, ODE has also failed to adequately develop and formalize many aspects of the program, particularly in the area of program assessment and strategic planning. Also, there are too many instances where EY is not operating according to ODE policy. OPD should continue to build upon the strengths of the EY program and make changes to eliminate some critical weaknesses if it is to turn a seemingly valuable, but somewhat loosely run grant program, into an effectively run statewide program with clear and proven results.

How can EY be improved, both in terms of operations and to better achieve program outcomes? What program issues must be addressed before fall 2002 when EY becomes a statewide program in which all new teachers must participate and be assessed on their performance?

OPD has instituted a workable process for managing the performance assessment process. However, OPD must continue to expand the number of trained assessors and test its electronic Record of Evidence submission process to be prepared for FY 2003 when EY is a statewide requirement. OPD also needs to develop formal written policies and procedures to ensure the assessment process is consistent and fair to all new teachers in the state. OPD should continue to improve and expand the Ohio FIRST mentoring program, which can serve as an effective model for school districts to emulate.

Is EY achieving its intended outcomes?

A key shortcoming of EY is that OPD has not developed clear goals and objectives for the program. Therefore, EY lacks formal direction and criteria by which its effectiveness can be assessed. OPD also must develop and institute a process for systematically collecting, analyzing, and maintaining qualitative and quantitative performance data. A comprehensive performance data collection and analysis process is crucial for determining program effectiveness, identifying areas requiring improvement and effective practices, and for demonstrating the value of the program to decision makers and the public.

Safe and Drug Free Schools

Background

At the request of ODE senior management, a program evaluation framework which could be used to evaluate all of ODE's programs was identified by AOS. The AOS used the recommended framework **(R9.8)** to complete the following Safe and Drug Free Schools (SDFS) Program Evaluation. During the evaluation, various sources were examined and interviews were conducted with the ODE staff responsible for the implementation of the program.

Evaluation Focus

The following program evaluation was undertaken to determine the effectiveness of the Safe and Drug Free Schools program as implemented by ODE. Specifically, the evaluation attempts to answer the following questions:

- Is SDFS achieving its intended outcomes?
- Is the implementation of the program effective and compliant with relevant standards, such as the federal guidelines and the U.S. Department of Education's *Principles of Effectiveness*?
- How can SDFS be improved, both in terms of operations and to better achieve program outcomes?

The Office of Supportive Learning Environments (OSLE) can use the evaluation results to strengthen the SDFS program. ODE senior management can use the results to assess resource allocation, determine if the program is in compliance with the federal guidelines, and to ascertain the effectiveness of the program.

Performance Measures

The following is a list of performance measures that were used to conduct the evaluation of the Safe and Drug Free Schools Program at ODE:

- Compliance with the SDFS federal guidelines;
- Assessment of the U.S. Department of Education's *Principles of Effectiveness* and ODE's compliance;
- Adequacy of OSLE's SDFS funding application and the process used to award grants;
- Effectiveness of SDFS district proposals;
- Adequacy of program evaluations;
- Assessment of grantee performance reports;
- Adequacy of ODE's performance report submitted to the U.S. Department of Education;
- Implementation of ODE's internal audit SDFS recommendations;
- Effectiveness of data collection efforts; and
- Utilization of data collected.

Program Description

The following program description sets the frame of reference for the findings, recommendations, and commendations which appear later in the report. In addition to explaining why the program was developed, the program description section outlines the allocation of funding and authorized activities, details program funding and staffing levels, and includes a summary of operations.

The Safe and Drug Free Schools Program (SDFS) is funded by the U.S. Department of Education, Improving America's Schools Act of 1994, Title IV- Safe and Drug Free Schools and Communities Act. The purpose of the program is to reduce drug, alcohol, and tobacco use as well as violence in and around the nation's schools through education and prevention activities that involve parents and are coordinated with related federal, state, and community efforts and resources. Effective instruction and learning require environments that are safe and drug free. The SDFS program provides opportunities for each school district to identify its unique needs and use these funds to impact instruction and learning. Every school district in Ohio is eligible to receive SDFS funding.

Allocation of Funding

Each state is required to submit a SDFS funding application once every five years to the U.S. Department of Education. State grant awards are based on a formula, and the funds must be used for programs that (1) educate communities about violence and drug use, and (2) lead to fewer violent or drug-related incidents in or near schools, objectives for which states are held accountable. Public Law 103-382, section 4113(d) mandates state education agencies to distribute the SDFS funds in the following manner:

At least 91 percent of the funds awarded to the ODE must be distributed to local education agencies (LEAs) each fiscal year. Federal guidelines state that the LEA distributions should be made as follows:

- Seventy percent of the LEA distributions are based on student enrollment.
- Thirty percent of the LEA distributions are based on districts demonstrating they have the greatest need for additional funds.

A maximum of 9 percent may be retained by ODE for state level programming.

- Five percent of the state level programming funds may be used for activities such as:
 - ▶ Training and technical assistance to the LEAs;
 - ▶ Identifying, evaluating, and disseminating curriculum materials for use by the LEAs;
 - ▶ Supporting drug and violence prevention demonstration projects; and
 - ▶ Financing evaluations of state level prevention activities.

- Four percent of the funds may be used by ODE for administrative costs associated with the SDFS program.

Categories of Authorized Activities

SDFS programs are intended to educate communities about violence and drug use and lead to fewer violent or drug-related incidents in or near schools. Drug prevention programs should convey a clear and consistent message that illegal use of alcohol and other drugs is wrong and harmful. There is flexibility in how the funds may be used by the LEAs. Generally, SDFS funds may not be used for construction, medical services, or drug treatment or rehabilitation. The following activities may be funded by SDFS:

- Violence, alcohol, tobacco, and other drug (V/ATOD) prevention curriculum development and acquisition;
- V/ATOD prevention training for school staff;
- Student prevention education instruction;
- Student prevention activities other than instruction (i.e., drug-free youth groups, student training, mentoring programs, peer mediation, etc.);
- Student V/ATOD intervention assistance programs;
- V/ATOD prevention focused before- and after-school programs;
- V/ATOD prevention assemblies, rallies, events and campaigns;
- Parent and community V/ATOD prevention education;
- Security efforts to insure a safe school environment; and
- V/ATOD evaluation activities.

Funding Awarded

Both ODE and the governor receive a portion of each SDFS state grant award. ODE receives approximately 80 percent of the total appropriation, and the governor receives the remainder. In Ohio, the governor's office forwards its appropriation to the Ohio Department of Alcohol and Drug Addiction Services to fund programs concentrating on reducing alcohol and drug usage among school children.

The following table contains the SDFS state grant awards received by Ohio for federal fiscal year (FFY) 1998 to FFY 2000, as well as Ohio's estimated appropriation for FFY 2001. In FFY 2000, Ohio received the 7th largest SDFS state grant award, \$16,619,281. California received the largest award in FFY 2000, \$51,379,138.

Table 9-13: Federal Fiscal Year 1998-2001 Ohio SDFS State Grant Awards

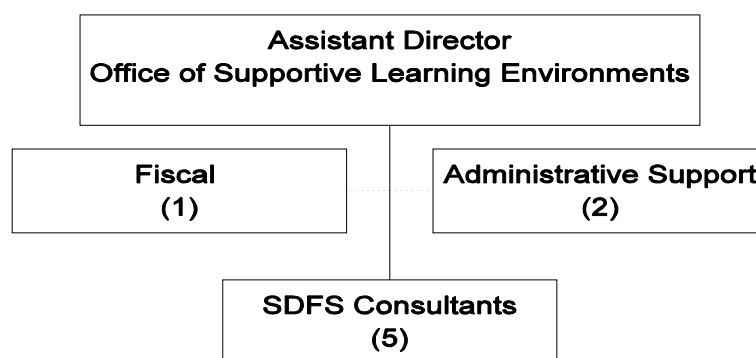
Federal Fiscal Year	ODE's Appropriation	Governor's Office Appropriation	Total State Grant Award	Difference From Previous Year	Percent Change
1998	\$16,621,353	\$4,155,338	\$20,776,691	N/A	N/A
1999	13,690,030	3,422,508	17,112,538	(3,664,153)	(17.6)%
2000	13,245,425	3,323,856	16,619,281	(493,257)	(2.9)%
2001	12,650,082	3,162,522	15,812,604 ¹	(806,677)	(4.6)%

Source: U.S. Department of Education Budget Appropriation Tables; ODE OSLE

¹The FFY 2001 appropriation amount is an estimate. The actual allocation may vary.

Program Location and Staffing

Ohio's SDFS program is housed in the Office of Supportive Learning Environments (OSLE) which is located in the Center for Students, Families and Communities. The program staff consists of 9 employees: the Assistant Director of the Office of Supportive Learning Environments, 5 consultants, 1 fiscal employee and 2 support staff. The organizational structure and staffing levels are depicted in **Chart 9-2**.

Chart 9-2: Safe and Drug Free Schools Program Staff

Summary of Operations

The Assistant Director is responsible for overseeing the implementation of the SDFS program. The Assistant Director is also responsible for approving all fiscal matters while the grants manager processes all grantee payment requests. The five consultants monitor and assist the districts within their assigned regions. ODE increased the number of consultants from three to five in May 2000. The consultants perform administrative duties as assigned and serve on a number of committees.

Findings and Commendations

Stakeholder Engagement

F9.40 AOS staff did not extensively engage the stakeholders in the SDFS program evaluation due to the nature of the request and the time constraints involved. ODE management and SDFS staff input were used to determine the scope and focus of the evaluation. ODE's Internal Research Council and school districts participating in the SDFS program were not involved in the evaluation process. However, various sources were examined and several people were contacted during the evaluation. Interviews were conducted with ODE staff responsible for the implementation of the program as well as ODE's internal audit staff. **(R9.34)**

Program Description

Need for Safe and Drug Free Schools

F9.41 The purpose of the SDFS program is to reduce drug, alcohol, and tobacco use as well as violence in and around the nation's schools through education and prevention activities that involve parents and are coordinated with related federal, state, and community efforts and resources. According to the Safe and Drug Free Schools and Communities Act, it is essential for schools to provide a drug-free, safe and orderly learning environment for all students if they are to live healthy lives and achieve high academic standards.

Expected Effects

F9.42 Implementation of the SDFS program should result in reduced drug, alcohol, and tobacco use and occurrences of violence in and around the nation's schools through the implementation of programs and activities which have been proven to be promising or exemplary. SDFS programs are most likely to be effective when they are based on a thorough assessment of objective data about the drug and violence problems in the school and community. To be successful, the programs receiving federal SDFS funding through ODE should have measurable goals and objectives, be based on sound research or evaluation findings, and be evaluated regularly. The districts implementing the programs should also be held accountable for the program's results.

P.L. 103-382, Section 4112 requires states to develop measurable goals and objectives for SDFS drug and violence prevention programs. According to ODE's June 1997 revision of its Final Consolidated Plan, "Ohio's goal is to reduce weapon carrying and alcohol, tobacco, and other drug use on school property to zero percent by the year 2000." Using the Youth Risk Behavior Survey which is administered to Ohio high school students every two years,

ODE selected five indicators for measuring its progress in achieving its SDFS goal. The following table contains the indicators, the 1993 baseline statistics, and ODE's target goal for 2000.

Table 9-14: ODE's Selected SDFS Performance Indicators

Indicator ¹	1993 Baseline Statistic ²	ODE's Stated 2000 Target Goal
Carried guns, knives, clubs	9.0%	0%
Used Cigarettes	12.0%	0%
Used Chewing Tobacco/Snuff	6.9%	0%
Used Alcohol	4.6%	0%
Used Marijuana	4.0%	0%

Sources: ODE June 1997 Final Consolidated State Plan; 1993 Ohio Youth Risk Behavior Survey

¹ The behavior occurred on school property within the past 30 days.

² Based on responses received from the students who participated in the 1993 Ohio Youth Risk Behavior Survey.

According to the 1998-99 SDFS Reporting Form for State Education Agencies, ODE has not changed its goal since last provided to the U.S. Department of Education in 1997. The goal's target date of the year 2000 has elapsed. **(R9.35)**

Activities

The following section reviews SDFS program activities and processes in an effort to determine if the program, as implemented, is effective and compliant with relevant standards, such as the SDFS federal guidelines and the U.S. Department of Education's *Principles of Effectiveness*.

F9.43 In order to ensure that state education agencies and local school districts spend their SDFS funds in the most effective manner possible, the U.S. Department of Education developed the *Principles of Effectiveness* which became effective July 1, 1998. Both the state education agency and the local school districts are required to comply with the *Principles of Effectiveness*. The four principles are as follows:

- **Programs shall be based on a needs assessment.** Each SDFS grant recipient shall base its program on a thorough assessment of objective data about the drug and violence problems in the schools and communities served.
- **Grantees will establish a set of measurable goals and objectives and design its programs to meet those goals and objectives.** The goals and objectives developed

should focus on behavioral or attitudinal program outcomes, as well as on program implementation. While measures of implementation, such as the number of hours of instruction or number of student participants are important, they are not sufficient to measure program outcomes. The goals and objectives developed should permit the grantees to determine the extent to which programs are effective in reducing or preventing drug use, violence, or disruptive behavior among youth.

- **Funded programs shall be based on research or evaluation that provides evidence that the programs used prevent or reduce drug use, violence, or disruptive behavior among youth.** Grant recipients are instructed to take into consideration their needs assessments and measurable goals and objectives, when selecting and implementing programs for youth. The selected programs should have demonstrated effectiveness or promise of effectiveness in preventing or reducing drug use, violence, or disruptive behavior, or other behaviors or attitudes demonstrated to be precursors to, or predictors of, drug use or violence.
- **Grantees will periodically conduct program evaluations.** Periodic program evaluations should be conducted to assess progress towards achieving stated goals and objectives. Grantees should use evaluation results to refine, improve, and strengthen their programs and to revise their goals and objectives as appropriate. The guidelines instruct grantees to discontinue the implementation of programs that cannot demonstrate positive outcomes in terms of reducing or preventing drug use, violence, or disruptive behavior among youth, or other behaviors or attitudes demonstrated to be precursors to, or predictors of, drug use or violence.

The U.S. Department of Education believes the implementation of these principles will significantly improve the effectiveness of prevention programs supported with SDFS grant funds, while allowing a significant degree of local flexibility.(R9.36)

F9.44 Districts interested in receiving SDFS funding are required to complete an electronic Consolidated Local Plan application available on ODE's website. The Consolidated Local Plan application allows districts to apply for nine different federal programs using one form.

SDFS applicants are asked to provide the sources of data for assessing needs, goals, performance indicators, what activities will be performed, who will be responsible for completing the activities, and how progress toward meeting the performance indicators will be determined.

C9.3 The electronic process and format allows for an easier and more efficient application review and reduces the amount of paper involved as well as the postage and time spent on mailings. Applicants have immediate, real-time access to their applications and can review any comments or changes made by the consultants.

F9.45 The first principle of effectiveness (**F9.43**) states that all SDFS grant recipients shall base their programs on a thorough assessment of objective data about the drug and violence problems in their schools and communities served. ODE requires each LEA to complete the Objective Analysis form, which serves as the needs assessment, as part of its Title IV application process. The form requests information on 12 different indicators such as the number of student tobacco policy violations and the number of physical fights on school grounds that occurred at the elementary, middle, and secondary school levels for the previous school year.

The Objective Analysis worksheet does not provide for a thorough assessment of objective data related to the drug and violence problems in the schools and communities served. Applicants are not required to provide student population data or information about any programs and prevention efforts which are currently being implemented. LEAs are not required to link the needs assessment data to the proposed program, and as a result, it is unclear whether the LEAs understand the specific problems of their constituencies. Needs assessments focusing solely on incident occurrences cannot provide sufficient information for the goal setting or evaluation processes embodied in the *Principles of Effectiveness* (**F9.43**). (**R9.36**)

F9.46 In March 2000, ODE's Internal Audit Office released an audit report on the Safe and Drug Free School program. The audit focused on assessing the program's internal controls and verifying compliance with applicable statutory and regulatory requirements, including OMB Circular A-133 and the A-133 Compliance Supplement requirements. ODE's internal auditors noted several control weaknesses including:

- Inadequate procedures are in place to effectively monitor sub-recipients. The audit found that the Office of Supportive Learning Environments does not monitor the LEAs beyond the required reports submitted at the end of the grant award period. As a result, there is no evidence to indicate that sub-recipients comply with grant requirements, due in part, to a lack of procedures to ensure sub-recipient compliance. Nor is there any evidence of the effectiveness of the SDFS programs being funded. The audit recommended the Office formally document and implement procedures to monitor grant awards. As of February 2001, ODE still did not have an established schedule to monitor the LEAs receiving SDFS funds. An on-site monitoring review form has been developed for the SDFS fund sub-recipients, however, as of February 2001, the form still was not being used by ODE.
- The Office of Supportive Learning Environments has not developed office-specific procedures that identify the responsibilities and the federal legal requirements for managing the SDFS program. This has resulted in decreased accountability at the program and fiscal staff level.

- As of February 2001, the OSLE has not adequately addressed the U.S. Department of Education's finding regarding monitoring. The U.S. Department of Education found ODE was not complying with section 80.40 of the Safe and Drug Free Schools Community Act which states "The grantee (the state) is responsible for managing the day-to-day operation of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable federal requirements and that performance goals are being achieved."

In response to this finding, ODE hired six technical assistance consultants through the University of Cincinnati Clearinghouse. The Clearinghouse provides training and technical assistance in areas of alcohol, tobacco, and other drug and violence prevention. The technical assistance consultants do not provide any monitoring of day-to-day operations of the subrecipients at the Departmental level; they provide information and training support for school and community prevention practitioners. **(R9.39)**

F9.47 In response to ODE's internal audit, the OSLE developed an improvement plan. The improvement plan does not adequately address the issues of sub-recipient monitoring or the lack of policies and procedures. The OSLE did not develop procedures to monitor the day-to-day activities of its grantees. In addition, OSLE has not developed office-specific procedures that identify and outline ODE's responsibilities and the federal legal requirements for managing the SDFS program. **(R9.39, R9.40)**

F9.48 ODE is responsible for monitoring grantee activities to ensure SDFS funds are used for authorized purposes in compliance with the federal program laws, regulations, and grant agreements. Monitoring provides opportunities for the SDFS consultants to give technical assistance to the grantees when needed. In addition, monitoring can also be used to assess program effectiveness and efficiency. Monitoring can be accomplished via document reviews, site visits, telephone calls, and training sessions. **(R9.38, R9.39)**

Resources

F9.49 Since 1995, Ohio has received more than \$130 million for the SDFS program. In addition, state funds also have been allocated to fund programs which complement and support the federal SDFS program. For example, state funds are available to districts to provide a toll free safe school help line which can be used to anonymously report threats to the safety of students and school personnel. State funds are also allocated to some Ohio schools to employ full-time safe and drug-free school program coordinators.

Stage of Development

F9.50 The Safe and Drug Free Schools Program (SDFS) is funded by the U.S. Department of Education, Improving America's Schools Act of 1994, Title IV- Safe and Drug Free Schools and Communities Act. The reauthorization of the SDFS and Communities Act and the passage of the Government Performance and Results Act of 1993 places a strong focus on improving program effectiveness and public accountability by promoting and reporting on results and service quality at the federal, state, and local levels. Section 4117 of the SDFS Communities Act requires that states report "the state's progress toward attaining its goals for drug and violence prevention..."

Alcohol, tobacco, and other drug usage and violence information is available from a variety of sources including the local final program evaluation reports, the Ohio Youth Risk Behavior Survey, and the District Education Information Management System. However, as of March 2001, ODE has not begun to analyze and determine the state's progress towards its SDFS goal stated in the June 1997 revision of Ohio's Consolidated Local Plan (F9.42). **Table 9-15** contains the indicators and the 1993 baseline statistics ODE included in its most recent consolidated local plan and compares them to the 1997 and 1999 Ohio Youth Risk Behavior Surveys (YRBS) in an effort to determine ODE's progress in achieving its stated SDFS goal.

Table 9-15: ODE's Progress in Achieving Its SDFS Goal

Indicator ¹	1993 Baseline Statistic ²	1997 YRBS Statistics	1999 YRBS Statistics	ODE's Stated 2000 Target Goal
Carried guns, knives, clubs	9.0%	8.0%	6.0%	0%
Used Cigarettes	12.0%	14.0%	14.0%	0%
Used Chewing Tobacco/Snuff	6.9%	N/A ³	N/A ³	0%
Used Alcohol	4.6%	4.0%	5.0%	0%
Used Marijuana	4.0%	7.0%	5.0%	0%

Sources: ODE June 1997 Final Consolidated State Plan; 1993 Ohio Youth Risk Behavior Survey

¹ The behavior occurred on school property within the past 30 days.

² Based on responses received from the students who participated in the 1993 Ohio Youth Risk Behavior Survey (YRBS).

³ The 1997 and 1999 results cannot be compared to the 1993 results because the questions were worded differently.

Based on the YRBS results, the number of students who carried a gun, knife, or club on school property within the past 30 days, declined by approximately 3 percent from 1993 to 1999. However, the number of students who used cigarettes, alcohol, or marijuana of school

property within the past 30 days has increased since 1993. It is not possible to determine exactly why these figures are increasing without determining what is occurring throughout the state and which specific prevention programs are being implemented. (R9.40)

Logic Model

F9.51 OSLE does not have a formal logic model explaining how achieving SDFS goals and objectives will bring about the desired change and how and why program activities should work, theoretically, to accomplish program goals and objectives. Developing a plausible logic model is also essential to meeting the standards for effective evaluation and for making decisions to change the program based upon performance data. (R9.41)

Evaluation Design Focus

F9.52 The evaluation should be focused to assess the issues of greatest concern to stakeholders while using time and resources as efficiently as possible. Articulating an evaluation's purpose can prevent premature decision-making regarding how the evaluation should be conducted. Characteristics of the program, particularly its stage of development, will influence the evaluation's purpose. The evaluation's purpose, questions to be addressed, users and uses, methods, and agreements should all be considered when determining its scope and focus. (R9.47)

Evaluation Purpose and Questions to be Addressed

F9.53 The SDFS program evaluation was undertaken to determine the effectiveness of the Safe and Drug Free Schools (SDFS) program as implemented by ODE. Specifically, the evaluation attempts to answer the following questions:

- Is SDFS achieving its intended outcomes?
- Is the implementation of the program effective and compliant with relevant standards, such as the federal guidelines and the U.S. Department of Education's *Principles of Effectiveness*?
- How can SDFS be improved, both in terms of operations and to better achieve program outcomes?

Users and Uses

F9.54 The evaluation results can be used OSLE SDFS program staff and ODE senior management. OSLE can use the evaluation results to improve the effectiveness and operation of the SDFS

program. ODE senior management can use the results to assess resource allocation, determine areas where SDFS program operations could be improved, and to ascertain the effectiveness of the program.

Methods

F9.55 AOS staff examined a variety program documents and interviewed ODE staff responsible for the implementation of the program. Specifically, the SDFS federal guidelines and the U.S. Department of Education's *Principles of Effectiveness* were used to evaluate the program and to determine ODE's compliance. (R9.42)

Evaluation Agreements

F9.56 No formal agreements were developed for the SDFS program evaluation, as the necessary resources were provided under the Letter of Arrangement presented to ODE by AOS. No stakeholders were directly involved in the writing of this evaluation. In addition, contact with districts participating in SDFS was minimal. In future SDFS evaluations completed by ODE staff, ODE should seek district participation to collect comparable data on each district's SDFS program.

Gathering Credible Evidence

F9.57 When conducting an evaluation, steps should be taken to collect information that creates a well-rounded picture of the program that is perceived to be credible by the evaluation's primary users. Credible evidence strengthens evaluation conclusions and recommendations. Five aspects of evidence gathering typically affect perceptions of credibility – indicators, sources, quality, quantity, and logistics.

Indicators

F9.58 Indicators address criteria that will be used to judge the program and reflect aspects of the program that are meaningful for monitoring. The OSLE does not have clearly defined program goals for Ohio's SDFS program. Program effectiveness cannot be assessed unless OSLE has well-defined goals by which it can measure how well the desired program outcomes are being achieved. Clearly defined program goals are also needed for OSLE to develop relevant performance objectives and indicators. Developing program goals is also essential to meeting the standards for effective evaluation and the Baldrige requirement for information and analysis.

F9.59 Sections 4112 and 4115 of the Safe and Drug Free Schools and Communities Act require that grant recipients develop measurable goals and objectives for their program activities.

Grantees are instructed to develop goals and objectives that focus on program outcomes as well as program implementation.

In section B of the Consolidated Local Plan application, applicants are asked how they will achieve the "goal of improving student performance in/by": establishing a safe, disciplined and drug free environment or "other." If "other" is chosen, applicants are asked to provide additional information. The primary purpose of the SDFS program is not to improve student performance, but to reduce drug, alcohol and tobacco use, and violence through education and prevention activities in the nation's schools. Grantees are not asked to define the specific goals of the prevention programs they elect to implement. **(R9.43)**

- F9.60 Program specific outcome objectives and performance indicators should be identified for each program goal. According to the *Principles of Effectiveness*, each program or activity for youth must have at least one objective which measures a change in attitude or behavior.

The Consolidated Local Plan application asks the applicants to identify a clear, specific and easily measurable indicator for the program goal which establishes a defined time frame for completion. According to the Consolidated Local Plan guidelines, a well-designed indicator should: address a significant issue or problem that is based on data, be measurable and observable, be clear and specific, be expressed in quantitative terms for which data can be collected, and have a defined time frame. In order for an indicator to be measured and assessed, there needs to be a baseline to measure progress against. In the Consolidated Local Plan guidelines, ODE does not clearly state the importance of including baseline statistics. **(R9.44, R9.45)**

- F9.61 Taking into consideration its needs assessment and measurable goals and objectives, the third Principle of Effectiveness requires grantees to design and implement programs for youth, based on research or evaluation evidence that the programs prevent or reduce drug use, violence, or disruptive behavior among youth. This principle is designed to help grantees maximize the effectiveness of SDFS grant funds. According to the U.S. Department of Education's "Nonregulatory Guidance for Implementing the Safe and Drug-Free Schools and Communities Act Principles of Effectiveness," when SDFS grant funds are used to implement a program directly with students, including delivery of curriculum or skill-building lessons, the program:

- Must have been demonstrated to be effective in preventing or reducing drug use, violence, or disruptive behavior, or in modifying behaviors or attitudes demonstrated to be precursors or predictors of drug use or violence; or
- Must show promise in preventing or reducing drug use, violence, or disruptive behavior, or in modifying behaviors or attitudes demonstrated to be precursors to or predictors of drug use or violence.

According to the federal guidelines, SDFS funded programs are to be research based. ODE does not require SDFS applicants to provide a clear program strategy for meeting their goals and objectives nor does it ensure that all the programs implemented are research based. **(R9.46)**

Sources of Evidence

F9.62 ODE has not systematically collected and analyzed the necessary program data and comparable evaluation information by which to evaluate overall program effectiveness. SDFS cannot be evaluated, particularly over the long term, if ODE does not collect and maintain historical data in an organized fashion that permits easy retrieval and manipulation for analysis purposes. **(R9.47)**

Quality and Quantity of Evidence

F9.63 Recognizing that a program needs to be evaluated periodically in order to measure its success, the fourth Principle of Effectiveness requires that grantees evaluate their programs periodically to assess progress toward achieving the stated program goals and objectives. The evaluation results can also be used to refine, improve, and strengthen programs, and to modify goals and objectives as appropriate.

In the Consolidated Local Plan application, applicants are asked to "identify the evaluation procedures that will be used to determine the effectiveness of the identified activities toward meeting the performance indicator." The Consolidated Local Plan instructions further state the evaluation strategy pertains to the overall evaluation of the violence, alcohol, tobacco and other drug prevention programs, not the assessment of individual performance indicators or activities. It does not appear that the grant recipients are evaluating their actual performance against performance indicators. The grantees are not required to analyze the program's performance against their identified performance indicators in the Final Program Evaluation Report **(R9.48)**

F9.64 Section 4117(c)(1)(A) of the Safe and Drug Free Schools and Communities Act requires each LEA receiving SDFS funds to provide an annual report to its state education agency which documents the following:

- The LEA's progress toward meeting the results-based performance indicators for its program;
- The results of the ongoing evaluation of its program; and
- Any problems the LEA has encountered in implementing its program that warrant the provision of technical assistance by the state education agency.

At the conclusion of each funding cycle, OSLE requires each grantee to complete a Final Program Evaluation Report. The report is located on the web and can be completed online and submitted to OSLE electronically. The Final Program Evaluation Report focuses on inputs and requests data for the 12 indicators included on the Consolidated Local Plan application objective analysis worksheet (**F9.45**). The Final Program Evaluation Report does not address program outcomes, and there is a disconnect between the program and its implementation and the results of the activities performed. The evaluation report does not require the grantees to detail the activities performed nor are the grantees asked to compare their actual performance against performance indicators and objectives. As a result, an independent person or party reviewing the Final Program Evaluation Report cannot determine what specific program was implemented, what activities were performed, or whether or not the program was effective. (**R9.49**)

- F9.65 Section 4117(B) of the Safe and Drug Free Schools and Communities Act states ODE will review the LEA annual performance reports and will not provide funding for the second or third year of a LEA's program unless it determines the LEA is making reasonable progress toward meeting its objectives.

OSLE relies on the Final Program Evaluation Reports to review the efforts of the SDFS grantees. As of February 2001, the Final Program Evaluation Report for 1999-2000 still has not been posted to ODE's website for the FY 2000 grantees to complete. The untimely distribution of the final report form to the grantees prohibits their compliance with section 4117(c)(1)(A) of the Safe and Drug Free Schools and Communities Act and negatively impacts OSLE's ability to analyze statewide prevention efforts. Grantees received FY 2001 SDFS funding without completing a program evaluation. In FY 2000, some grantees received funding without completing an evaluation for FY 1999. (**R9.50**)

- F9.66 Under the Safe and Drug Free Schools Community Act, states are required to report their progress to the U.S. Department of Education on a triennial basis. ODE submitted a progress report to the U.S. Department of Education in FY 1999. ODE was unable to answer several questions in the report due to missing or unavailable data. For example, ODE was unable to report how many LEAs used SDFS funding to provide drug prevention services or activities or to quantify how many LEAs used SDFS funding to provide violence prevention services or activities. In addition, ODE does not consolidate or analyze the data it receives from its subrecipients. As a result, ODE is uncertain of the statewide effectiveness of the SDFS program. (**R9.51**)

Logistics

- F9.67 Logistics encompass the methods, timing, and physical infrastructure for gathering and handling evidence. ODE has collected input and output information over the years, but it does not maintain the information in a centralized and well-organized fashion so it can be

readily accessed and easily analyzed. Failure to adequately maintain this information prohibits OSLE from effectively evaluating the SDFS program and from being able to answer stakeholder questions or meeting Baldrige requirements for information and analysis. (R9.52)

Conclusion and Justification

Standards

F9.68 Evaluation conclusions are justified when they are linked to the evidence gathered and judged against agreed-upon values or standards set by stakeholders. Standards, analysis and synthesis, interpretations, judgements, and recommendations should be taken into consideration when justifying conclusions. Standards reflect the values held by stakeholders, and those values provide the basis for forming judgements concerning program performance.

In practice, when stakeholders articulate and negotiate their values, these become the standards for judging whether a given program's performance will, for example, be considered successful, adequate, or unsuccessful. ODE can look to the *Principles of Effectiveness* for the values upon which to judge the SDFS program. Specifically, the SDFS program should be able to demonstrate that SDFS reduces drug, alcohol, or tobacco usage or decreases violence in and around school grounds. OSLE and ODE upper management will have to work together to decide what level of performance is required to make various program decisions, such as modifying program operations or increasing state funding for programs and activities which complement and enhance the federally funded SDFS programs.

Analysis and Synthesis

F9.69 Analysis and synthesis of an evaluation's findings might detect patterns in evidence, either by isolating important findings (analysis) or by combining sources of information to reach a larger understanding (synthesis). Deciphering facts from a body of evidence involves deciding how to organize, classify, interrelate, compare, and display information. These decisions are guided by the questions being asked, the types of data available, and by input from stakeholders and primary users.

At a minimum, OSLE should use basic descriptive statistics to present survey and other data collection results, along with calculating and statistically analyzing a district's performance. To date, OSLE has done a reasonable job of performing evaluations on participant satisfaction and presenting qualitative, anecdotal, data on the funded SDFS programs. OSLE should focus its analysis on assessing achievement of program outcomes using both quantitative and qualitative data.

Interpretation

F9.70 Interpretation is the process of determining what the findings mean and is part of the overall effort to understand the evidence gathered in an evaluation. Uncovering facts regarding a program's performance is not sufficient to draw evaluative conclusions. When evaluating SDFS, OSLE should focus on the practical implications of the performance indicators and other data it collects to evaluate the effectiveness of the SDFS program.

Judgement

F9.71 Judgements are statements concerning the merit, worth, or significance of the program. Both ODE management and OSLE staff should use the evaluation analysis to make judgments about the benefits of the program and informed recommendations regarding program improvements, future state funding allocations, and expansion or elimination of specific types of programs.

Recommendations

F9.72 Recommendations are actions for consideration resulting from the evaluation. Forming recommendations is a distinct element of the program evaluation that requires information beyond what is necessary to form judgements regarding program performance. Recommendations that lack sufficient evidence or those that are not aligned with stakeholders' values can undermine an evaluation's credibility. By contrast, an evaluation can be strengthened by recommendations that anticipate the political sensitivities of intended users and highlight areas that users can control or influence.

The goal of evaluating SDFS should be to make recommendations for OSLE and ODE management to consider and take action as deemed appropriate. Evaluation recommendations could include suggestions for program improvement, future state funding, and resource allocation including the expansion or elimination of certain prevention efforts.

Recommendations

The following SDFS recommendations are based on observations made while attempting to answer the three evaluation questions identified by the AOS and ODE senior management. Implementing these recommendations is critical if ODE wants to create a compliant and more effective SDFS program in Ohio.

Engage Stakeholders

R9.34 Future SDFS evaluation efforts should include ODE’s Internal Research Council and should allow school districts participating in SDFS programming to be more involved in the process. Stakeholder involvement is important to ensure the appropriate program elements, such as objectives or outcomes, are addressed. When the appropriate stakeholders are not engaged, the evaluation findings and recommendations may be ignored, criticized, or resisted because their concerns are not adequately addressed (**F9.40**).

Program Description

Expected Effects

R9.35 ODE should revise and expand its SDFS program goal. Prior to updating the goal, it should review and analyze alcohol, tobacco, and other drug usage as well as the frequency and type of violent incidents that are currently occurring in Ohio using the results reported in the 1993, 1997, and 1999 Youth Risk Behavior Surveys. In 1995, the survey was not administered.

ODE should consider developing explicit goals similar to the ones found in the 2001-02 SDFS Entitlement Project Application. In 1999, the Florida Department Education developed 15 different state goals for its SDFS program. The goals are grouped into one of eight different categories: alcohol, tobacco, marijuana, other drugs, fighting, battery, threat and intimidation, and weapons possession. For example, one of the goals related to alcohol states “By the year 2005, to decrease by 50 percent the percentage of students in grades 6-12 who report current use of alcohol (in the past 30 days) as measured by the Florida Youth Survey.” The baseline statistic from the 1999 Florida Youth Survey is 31.4 percent. (**F9.42**)

Activities

R9.36 The *Principles of Effectiveness* should guide both the local school districts’ and OSLE’s activities and implementation of their SDFS programs. The principles stress accountability and the funding of outcome-oriented projects which have been proven to reduce drug use or violence among youth. Historically, ODE has focused on process and outputs rather than

outcomes. An output is an immediate measure of what a program or activity produced, such as the number of teachers trained or number of students served. In contrast, an outcome is a result of program operation or activities, such as increased knowledge about drugs and alcohol or reduced involvement with drugs and alcohol (F9.43).

R9.37 ODE should expand its objective analysis form and request key information necessary to ensure the appropriate programs are funded. In addition to requiring information on the 12 indicators identified by ODE, the needs assessment should require applicants to provide an overview of their community and district demographics, a summary of current violence and substance abuse prevention practices and resources used in the school district and community like the Florida Department of Education does. Districts should also be asked to describe the links between the indicators (the needs assessment data) and the proposed program like the Virginia Department of Education requires.

Conducting a thorough needs assessment allows an LEA to gather the information necessary to define its particular needs so the appropriate prevention programs can be implemented for the district and community. A needs assessment can identify and rank problems in order of importance, can be used to help formulate the objectives of a new program, and is essential for the successful incorporation of the *Principles of Effectiveness*. The information gathered during the assessment can be used for the following:

- Identify new target or high-risk populations;
- Provide baseline data for evaluation;
- Research community perceptions of the problem and the need for services;
- Identify barriers to the use of available services;
- Support funding requests;
- Support the development of a comprehensive prevention plan;
- Validate current activities;
- Plan new goals, objectives, and programs; and
- Identify duplication of services and unmet needs. (F9.45)

R9.38 OSLE should develop a monitoring plan and schedule for site visits to grantees. OSLE should begin by determining what types of monitoring will be performed. When determining what monitoring techniques will be used, available resources should be taken into consideration and then OSLE should plan accordingly. After determining which monitoring activities will be performed, OSLE should establish a monitoring cycle and time table to help ensure the activities are performed. OSLE should also develop standard monitoring procedures and checklists for performing desk reviews and site visits. The checklists could save time, increase efficiency, and ensure uniform monitoring procedures are applied to each grantee (F9.48).

R9.39 OSLE should develop a formal policies and procedures manual to guide its implementation of the SDFS program. Establishing formal policies and procedures could help ODE achieve compliance with applicable statutory and regulatory requirements including OMB Circular A-133 and the A-133 Compliance Supplement. In addition, the effectiveness of the SDFS program could be enhanced, accountability could be increased, and program implementation could be strengthened. At a minimum, the manual should include the following (**F9.46**, **F9.47**, **F9.48**):

- Descriptions of the roles and responsibilities for each position, office and organization responsible for ODE's implementation of the program;
- Procedures for explaining how program activities, such as reviewing LEA applications and reports, processing grantee payments, and conducting effective site visits, are to be completed;
- Criteria for determining program effectiveness; and
- Procedures to promote grantee compliance.

Stage of Development

R9.40 OSLE should have a process in place to monitor its SDFS grantees and their performance. The lack of such a process has led to non-compliance with federal guidelines as well as the *Principles of Effectiveness*. In addition, OSLE is unable to quantify and identify specific outcomes which have resulted since the program's inception. Based on **Table 9-15** which examines ODE's progress toward achieving the SDFS goal stated in **F9.42**, drug, tobacco, and alcohol use are increasing. Without a formal process in place to monitor its grantees and to analyze the effectiveness of the LEA programs, ODE cannot determine the cause for the increases. (**F9.47**, **F9.50**)

Logic Model

R9.41 OSLE should develop a logic model that explains the theory behind how the program goals and objectives will work to bring about the desired change, and how program activities will work to meet the stated objectives. It is important to understand how the program activities relate to program goals and objectives in order to assess program effectiveness and make beneficial changes to the program based upon the performance indicators. (**F9.51**)

Evaluation Design Focus

Method

R9.42 ODE should use a performance measurement evaluation method involving the development of program objectives and the collection of input, output, and outcome data to assess progress of the program, such as recommended in **R9.44** and **R9.48**. (**F9.55**)

Gathering Credible Evidence

Indicators

R9.43 Section B of the Consolidated Local Plan application should be revised and the phrase "*of improving student performance in/by*" should be omitted. The purpose of the SDFS program is to reduce drug, alcohol and tobacco use, and violence. Improved student performance is not a direct result of establishing a safe, substance-free environment. According to the U.S. Department of Education's "Nonregulatory Guidance for Implementing the Safe and Drug-Free Schools and Communities Act Principles of Effectiveness," recipients must include measurable goals that focus on changes in youth behavior or attitudes related to drug use or violent behavior. In addition, the applicant's goals should be directly related to the results of the needs assessment (**F9.59**).

R9.44 ODE should ensure that objectives for SDFS programs are clear, measurable, and realistic. ODE should use measurable objectives to evaluate the effectiveness of SFDS programs over time. A key to successful evaluation is a set of clear, measurable, and realistic program objectives. If objectives are unrealistically optimistic or are not measurable, the program may not be able to demonstrate that it has been successful, even if it has been implemented as planned.

For objectives or indicators to be relevant, they must be measured against a baseline or current statistic. Objectives and performance indicators should include the following information:

- Date (e.g., by June 30, 2001)
- Target Population (e.g., all students in grades 3-5)
- Change (e.g., decrease)
- Amount of Change (e.g., by 10 percent)
- Data Element (e.g., fighting)
- Data Source (e.g., school discipline reports)
- Baseline Statistic (e.g., 1999-00 school year discipline reports)

The following is an example of a program specific outcome objective which incorporates all of the above elements. By June 30, 2001, decrease the number of grade 3-5 student referrals for fighting by 10 percent. Achievement of the objective can be determined by comparing the number of grade 3-5 discipline reports for fighting during the 1999-00 school year to the number of grade 3-5 discipline reports for fighting during the 2000-01 school year (**F9.60**).

R9.45 ODE should require each school district to develop performance indicators, including outcome-based performance indicators, for programs instituted using SDFS money. Districts should collect and maintain the data necessary to calculate and report on the performance indicators. Both ODE and school districts could use the indicators to assess program inputs, outputs, and effectiveness, and to make decisions about whether a program needs to be expanded, eliminated or modified. **Table 9-16** presents a list of example input and output indicators that could be used to help assess program effectiveness. **Table 9-17** presents a list of example outcome indicators that could be used to help assess program effectiveness. (**F9.45**)

Table 9-16: Example Input and Output Indicators for LEA SDFS Program*Input Indicators*¹**Program**

- Total program cost
- Total program participation (students and staff)
- Total federal funding
- Total state funding
- Total local or other funding
- Total annual cost per participant

Staff

- Total number of full-time equivalent employees implementing the program
- Total staff hours spent working on program
- Total staff costs for program (only costs outside of regular salary and training expenses)
- Total administrative costs (include any costs **not** spent directly on implementing the program or training staff to implement the program)

Student

- Total number of students participating in program
- Total cost per student
- Total number of student hours spent in program

Other

- Total materials cost for program
- Other educational or community entities involved and hours spent by personnel from those entities (e.g., Police Department, University, Educational Service Commission, Business, etc.)

*Output Indicators*¹

- Total number students completing the program
- Total number of teachers trained to implement program
- Total cost per student completing program
- Percent of students that have completed program in the past four years (compared to current ADM)

¹Because the type of programs that can be implemented with SDFS funding is so diverse, these performance indicators are intended to serve only as general examples and may need to be adapted to fit a particular district program.

Table 9-17: Example Outcome Indicators for Alcohol and Violence Related SDFS Programs¹

Example Indicator	National Average²	Ohio Average²
<i>Alcohol Use</i>		
Percent of students that are current alcohol users	50%	56%
Percent of students that drove after drinking alcohol in past 30 days	13%	17%
Percent of students that had 5 or more consecutive drinks during the past 30 days	32%	38%
Average age drank first beer	NA ³	NA ³
Percent reduction in students that currently use alcohol	1% ⁴	10% increase ⁴
Percent reduction in students using alcohol times ADM divided by program cost	NA	NA
Percent of European-American (White) students that currently use alcohol	53%	NA
Percent of African-America (Black) students that currently use alcohol	40%	NA
Number of students disciplined for alcohol use on school property	NA	NA
<i>Violence</i>		
Percent of students involved in fight on school property in past year	14%	17%
Percent of male students involved in fight on school property in past year	19%	NA
Percent of female students involved in fight on school property in past year	10%	NA
Percent reduction in student fights	1% ⁴	4% increase ⁴
Percent reduction in student fights times ADM divided by program cost	NA	NA
Number of expulsions resulting from violent threats or acts	NA	NA
Number of juvenile arrests for violent victimizations in school district⁵	NA	NA

¹The outcome indicators presented offer examples for alcohol use reduction and violence prevention related programs. The list of examples is not meant to be an exhaustive list of indicators, but does attempt to illustrate the different types of measures that could be used to assess a program's effectiveness. These indicators may also need to be adapted to fit the goals of a particular program.

²The National and state averages listed come from 1999 CDC survey of high school students entitled the Youth Risk Behavior Surveillance System (YRBSS). For more details on this survey go to <http://www.cdc.gov/nccdphp/dash/MMWRFile/ss4401.htm>.

³Nationally, and in Ohio, 30 percent of students report having had their first beer before age thirteen.

⁴Percent change data was developed by comparing YRBSS data from 1997 with 1999 data.

⁵Violent victimizations, as defined by the U.S. Department of Justice include sexual assault, robbery, and aggravated assault.

R9.46 ODE should ensure that its grant recipients are complying with the third Principle of Effectiveness. On the Consolidated Local Plan application (**F9.44**) grantees choosing to implement a program for youth could be asked if its proposed activities comply with the third Principle of Effectiveness. ODE should also consider requiring the applicants to provide a detailed program description on the Consolidated Local Plan application which includes: the target audience; the program's purpose, a design and implementation plan; the program's length, including the number of sessions; research indicating effectiveness; and the costs associated with implementation. During the recommended site visits and desk reviews (**R9.37**), the consultants could verify that the grantee's activities are research-based by reviewing supporting documentation (**F9.61**).

Sources of Evidence

R9.47 OSLE should include in its annual SDFS activities, a formal and ongoing process for collecting and analyzing evaluation data and making changes based upon this analysis. Analyzing key program data and using it to make improvements in the program is critical if OSLE is to meet Office, Center, and ODE missions and goals, including meeting Baldrige criteria.

ODE should consider developing a standard assessment survey to be administered by school districts at least every five years. The survey could be used to help ODE and districts better assess the critical problems related to SDFS issues that could warrant the development of a SDFS funded program. ODE could adapt the CDC's YRBS as the standard assessment survey instrument. Instituting a common survey based upon the YRBS would improve both ODE's and districts' ability to assess the need for various programs and guide funding decisions.

In addition to assessing districts' needs for various types of programs, ODE could use the results to compare programs with similar goals on effectiveness and cost. Basing the survey upon the YRBS could also facilitate national comparisons. ODE could also compare schools and districts based upon whether or not they provide a program with a particular goal. For example, the rate of current alcohol use could be compared between schools that do and do not offer a SDFS funded program intended to reduce alcohol use. This could help ODE and districts make more informed decisions about program expansion, elimination, or modification.

ODE could also require that school districts use relevant portions of the standard assessment instrument or the YRBS to assess the effectiveness of specific SDFS programs implemented in their districts. For example, a district with a peer mediation program could be required to survey randomly selected students in the district using questions from the YRBS related to violent behavior on school property. Results from previous surveys and results from schools

in which a particular program is provided could be compared to assess effectiveness. Basing the survey upon the YRBS could also facilitate national comparisons. (F9.62)

Financial Implication: ODE and LEAs should be able to use the state portion of SDFS funding for survey costs. ODE should also have the personnel to provide technical assistance and coordinate the survey effort as it has regularly provided an ODE staff person to coordinate the YRBS in Ohio for the CDC. ODE may also be able to take advantage of CDC experts for surveying and sampling technical assistance. Costs associated with sampling are not quantifiable without an implementation plan that details scope and frequency.

Quality and Quantity of Evidence

R9.48 The SDFS grant recipients should periodically evaluate their programs to determine if they are achieving the stated program goals and objectives. When determining the overall effectiveness of the program, each performance measure or activity should be assessed in order to determine which areas need to be improved or strengthened. Ideally, districts should use multiple measures to compensate for the limitations of individual measures. Each of these measures should be reviewed when assessing a program's performance and outcomes (F9.63).

R9.49 The Final Program Evaluation Report should comply with section 4117(c)(1)(A) of the Safe and Drug Free Schools and Communities Act. Key information necessary to assess the effectiveness of a program currently is not being captured on the Final Program Evaluation Report. The report should be revised to include outcome data, a description of the program and activities performed. In its current state, the report cannot be used to assess the effectiveness of an LEA's efforts nor can OSLE use the reports to identify best practices and programs which should be discontinued. Without analyzing an LEA's activities and program results, prevention programming cannot be improved or strengthened nor can the LEA's goals and objectives be assessed (F9.64).

R9.50 OSLE should take the steps necessary to comply with section 4117(B) of the Safe and Drug Free Schools and Communities Act. Grantees should not be permitted to begin a new grant cycle until a Final Program Evaluation Report has been completed for OSLE. In order for the SDFS grantees to submit the report in a timely fashion, OSLE needs to ensure the report is posted to ODE's website prior to the end of a funding cycle. The SDFS federal guidelines stress funding effective programs. When program results are not available for provided, OSLE's ability to fund effective programs is impeded (F9.65).

R9.51 OSLE should more effectively report Ohio's progress in its report to the U.S. Department of Education. Ohio's most recent state report does not adequately address the

implementation, outcomes or effectiveness of state and local programs. The quality of the report was impacted by ODE's data collection efforts and a lack of analysis.

ODE should assess its information needs and determine what data is necessary to comply with SDFS state reporting guidelines. The on-line grantee final evaluation report should be revised to comply with section 4117(c)(1)(A) of the Safe and Drug Free Schools and Communities Act as recommended in **R9.49** and to ensure data requested by the U.S. Department of Education is collected. ODE should be able to use the information gathered in the LEAs' annual reports to ascertain statewide effectiveness of the SDFS programs (**F9.66**).

Logistics

R9.52 OSLE should maintain input, output, and other performance information in an electronic format that provides for ready access, retrieval, and manipulation for analysis purposes. This will enable ODE to more effectively evaluate the program, meet stakeholder requests, and address Baldrige requirements. OSLE should work with the Office of the Chief Information Officer to determine how collecting and maintaining SDFS data in an electronic format can best be accomplished, particularly in light of the development of an ODE data warehouse. (**F9.52**)

Ensuring Use and Sharing Lessons Learned

R9.53 The results of the SDFS evaluation should be shared with all stakeholders, including the OSLE staff responsible for the SDFS program, the Research Council, and ODE senior management. Prior to the release of the evaluation results, the purpose and goals of the evaluation should be reiterated to the stakeholders and the process used to complete the evaluation should be reviewed as well. The stakeholders should use the evaluation results to guide their decision making regarding the SDFS program.

R9.54 After the SDFS program evaluation has been completed, the Research Council should present the results to the OSLE staff assigned to the program as well as ODE senior management to help ensure appropriate action is taken to improve the effectiveness and performance of the program. Reaching justified conclusions in an evaluation can seem like an end in itself; however, it is the beginning of a whole new decision making and planning process. After the follow-up has been conducted, and the appropriate actions have been determined, those decisions should be communicated to the relevant audiences and stakeholders in a timely, unbiased, and consistent fashion. Lessons learned from the evaluation should also be communicated.

Safe and Drug Free Schools Conclusion

Is the implementation of the program effective and compliant with relevant standards, such as the federal guidelines and the U.S. Department of Education's *Principles of Effectiveness*?

The SDFS program could operate more effectively if OSLE's activities were more structured and accountability was increased at the state and local levels. OSLE lacks office-specific procedures which identify the responsibilities and the federal legal requirements for managing the SDFS program. Grantee operations are not effectively monitored via site visits or desk reviews. As a result, it is not possible for OSLE to determine if its grantees are in compliance with the federal requirements and there is insufficient evidence to determine the effectiveness of SDFS programs being funded. The weaknesses mentioned above were noted by ODE's Internal Audit Office in March 2000. The U.S. Department of Education also found that ODE was not in compliance with the federal regulations regarding grantee monitoring and oversight.

It does not appear that ODE has adequately incorporated the *Principles of Effectiveness* into its operation of the SDFS program. The *Principles* stress accountability and the funding of outcome-oriented projects which have been proven to reduce drug use or violence among youth. ODE does not require grantees to conduct a thorough needs assessment prior to choosing what prevention programs will be implemented and they are not asked to define the specific goals of the prevention programs they elect to implement. In addition, ODE does not ensure its grantees are implementing research-based programs and there is no evidence that grant recipients are evaluating their actual performance against stated performance indicators.

Is SDFS achieving its intended outcomes?

ODE has not systematically collected and maintained the necessary program data and comparable evaluation information by which to evaluate the statewide impact the SDFS program has had in Ohio. Further, ODE has not collected the data necessary to evaluate local program outcomes. Therefore, the effectiveness of the SDFS program cannot be evaluated, particularly over the long term, because ODE does not collect and maintain historical data in an organized fashion that permits easy retrieval and manipulation for analysis purposes.

How can SDFS be improved, both in terms of operations and to better achieve program outcomes?

ODE could improve the operation and effectiveness of the SDFS program by increasing accountability at the state and local levels. Realistic statewide goals and objectives for the SDFS program should be developed and formal written program policies and procedures should be established to help ODE increase accountability and compliance with applicable statutory requirements. To be successful, the SDFS programs funded by ODE should have measurable goals

and objectives, be based on sound research or evaluation findings, and be evaluated regularly. ODE could increase grantee accountability through monitoring efforts such as site visits and desk reviews.

OSLE also needs to develop and implement a process for systematically collecting, analyzing, and maintaining qualitative and quantitative performance data. A comprehensive performance data collection and analysis process is crucial for determining program effectiveness, identifying areas requiring improvement, and for demonstrating the value of the program to decision makers and the public.

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