



Secretary of State Oregon Audits Division



Oregon Department of Education
Recommendation Follow-up Report:
**ODE Must Accelerate Efforts to Monitor Spending and
Improve Initiatives to Help Vulnerable Students**

September 2021
Report 2021-28

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Executive Summary

Follow-up to Audit Report 2019-01 (report one of two)

Oregon Department of Education

Recommendation Follow-up Report: ODE Must Accelerate Efforts to Monitor Spending and Improve Initiatives to Help Vulnerable Students

September 2021

Follow-up Summary

The Oregon Department of Education (ODE) made progress on 10 out of 11 recommendations from our audit focused on improving the performance of struggling schools, fully implementing two. The original audit, issued in January 2019, included recommendations to ODE and Portland Public Schools (PPS). This follow-up report addresses recommendations made to ODE. A second, separate report will address recommendations to PPS.

The COVID-19 pandemic posed substantial challenges for ODE and school districts in the last year and a half. ODE's need to prioritize pandemic-related steps delayed action on several of the recommendations.

Findings from the Original Audit

- » ODE does relatively little to support and monitor efficient district spending.
- » ODE does not adequately evaluate whether grants and other initiatives improve student performance.
- » ODE's limited enforcement of district standards, short-lived improvement initiatives, and a disjointed education funding system increase risks that Oregon student performance will continue to lag.

Improvements Noted

- » ODE has made progress implementing the state Student Success Act, signed into law in May 2019, addressing many concerns around implementation of the federal Every Student Succeeds Act. ([pg. 4](#))
- » ODE made progress consolidating initiatives ([pg. 3](#)) and establishing a framework for monitoring and evaluating school improvement programs. ([pg. 6](#))
- » ODE has analyzed classroom spending and produced guidance on improving spending efficiency. ([pg. 2](#))

Remaining Areas of Concern

- » ODE has made limited progress on measuring the results of Title I school improvement programs and no progress reporting those results, a significant obstacle to closing Oregon's equity gaps in student performance by income level and race and ethnicity. ([pg. 3](#))
- » ODE has not discussed implementation challenges for school improvement efforts in public reports and presentations, a particular concern given Oregon's history of ineffective K-12 reform efforts. ([pg. 4](#))
- » ODE has not highlighted key strategies to direct more money to the classroom. ([pg. 2](#))

The Oregon Secretary of State Audits Division is an independent, nonpartisan organization that conducts audits based on objective, reliable information to help state government operate more efficiently and effectively. The summary above should be considered in connection with a careful review of the full report.

Introduction

The purpose of this report is to follow up on the recommendations we made to the Oregon Department of Education (ODE) as included in audit report 2019-01, "ODE and PPS Must Do More to Monitor Spending and Address Systemic Obstacles to Student Performance, Particularly at Struggling Schools." This report pertains only to those recommendations made to ODE; a second report will follow up on recommendations made to Portland Public Schools.

The Oregon Audits Division conducts follow-up procedures for each of our performance audits. This process helps assess the impact of our audit work, promotes accountability and transparency within state government, and ensures audit recommendations are implemented and related risks mitigated to the greatest extent possible.

We use a standard set of procedures for these engagements that includes gathering evidence and assessing the efforts of the auditee to implement our recommendations; concluding and reporting on those efforts; and employing a rigorous quality assurance process to ensure our conclusions are accurate. We determine implementation status based on an assessment of evidence rather than self-reported information. This follow-up is not an audit, but a status check on the agency's actions, and therefore does not adhere to the full set of government auditing standards.

To ensure the timeliness of this effort, the division asks all auditees to provide a timeframe for implementing the recommendations in our audit reports. We use this timeframe to schedule and execute our follow-up procedures.

Our follow-up procedures evaluate the status of each recommendation and assign it one of the following categories:

- **Implemented/Resolved:** The auditee has fully implemented the recommendation or otherwise taken the appropriate action to resolve the issue identified by the audit.
- **Partially implemented:** The auditee has begun acting on the recommendation but has not fully implemented it. In some cases, this simply means the auditee needs more time to fully implement the recommendation. However, it may also mean the auditee believes it has taken sufficient action to address the issue and does not plan to pursue further action on that recommendation.
- **Not implemented:** The auditee has taken no action on the recommendation. This could mean the auditee still plans to implement the recommendation and simply has not yet taken action; it could also mean the auditee has declined to take the action identified by the recommendation and may pursue other action, or the auditee disagreed with the initial recommendation.

The status of each recommendation and results of our follow-up work are detailed in the following pages.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of ODE during the course of this follow-up work.

Recommendation Implementation Status

Recommendation #1

Evaluate potential K-12 savings areas and spending trends, including an analysis of classroom spending compared to other spending. Share the analysis publicly, and work with the Quality Education Commission to include the analysis in the Commission's public report.

Implemented

To implement this recommendation, ODE performed a classroom spending analysis in September 2020 and included some results in the 2020 Quality Education Commission (QEC) report. The spending analysis covered spending patterns statewide and within districts, which can potentially start conversations between similar districts about how to get more money into the classroom. The analysis also included general guidance and recommendations about improving efficiency, the effects of spending on student performance, and funding inequalities between urban and rural and high-income and low-income districts.

Though ODE implemented the recommendation, the summary of ODE's spending analysis in the 2020 Quality Education Commission report — a key public document required by law — did not include two important conclusions from the spending analysis:

- Reallocation of 1% of the spending from instructional staff support, business services, and central activities to instruction is associated with graduation rate increases of 3% to 4%.
- Higher costs of living and higher salaries in large cities and suburban schools leads to increased class sizes in districts that include a substantial majority of historically underserved students, a significant source of regional inequity that ODE recommends the Legislature take action to address.

Recommendation #2

Provide tools and templates to help districts regularly benchmark spending against peers and provide guidance on best-practice options for directing more money to the classroom.

Partially implemented

ODE developed a Comparison Tool: a spreadsheet populated with fiscal year 2018-19 data that allows benchmarking among four Oregon districts using 11 spending categories, basic demographic information, and outcomes such as absenteeism, on-track for graduation, and graduation rate information.

The Comparison Tool could be helpful to school districts as an initial means of identifying peers and starting a conversation about best spending practices. However, the level of analysis permitted by the tool is not deep enough — for example, it does not show detailed expense accounts — to identify specific cost-cutting areas outside the classroom. ODE leaders say they want to further develop tools that would be capable of more detailed comparisons if the Legislature approves additional funding, but the agency did not ask for the funding in its 2021-23 budget request.

ODE also summarizes and distributes spending and other best practice recommendations from the Quality Education Commission (see recommendation no. 1) to districts, as part of the requirement that districts review and consider QEC recommendations when applying for funds distributed under the Student Investment Account, a component of the Student Success Act. Districts are required to check a box attesting that they have done so, but ODE's oversight does not extend beyond that attestation at this point. ODE officials said they also work with Education Service Districts to help the districts they serve apply the guidance.

ODE does not appear to provide guidance for best spending practices aside from making the Comparison Tool and QEC reports available.

Recommendations #3 to #6

These recommendations were made to PPS and will be included in a separate follow-up report.

N/A

Recommendation #7

Coordinate with the Governor's Office, the State Board of Education, the Legislature, and districts to develop a plan to align education investments for the long-term. The plan should include steps to reduce and consolidate initiatives, and measure investment results, particularly for state efforts aimed at improving struggling high-poverty schools.

Partially implemented

At least two internal ODE groups have begun work to study and consolidate related K-12 grant programs and funding sources.

- One of these workgroups was formed in response to 2019 House Bill 5105, requiring ODE to investigate the combination and elimination of different initiatives. This work was delayed by the COVID-19 pandemic and wildfire responses, and is not expected to be completed until early 2022.
- The Office of Education Innovation and Improvement has also studied large state funding sources for the purposes of streamlining "the planning, strategy development, program implementation, grant management, and evaluation activities of district and grant recipients."

ODE's work in this area addresses the need to consolidate and eliminate initiatives. However, the agency has not addressed measurement of investment results, including the results of state efforts aimed at improving struggling high-poverty schools. Some of this measurement may occur under the Student Success Act (SSA) for high-poverty districts, but the extent of that measurement is unclear.

Recommendation #8

Work with the State Board of Education and stakeholders to evaluate Division 22 district standards for clarity and enforceability and ensure that ODE has adequate resources to review compliance and enforce standards when districts fall short.

Partially implemented

Division 22 is an administrative regulation section that covers state standards for school districts, such as diploma and academic content standards. In May 2019, ODE created a Division 22 committee that meets monthly. The committee has identified areas of improvement in the Division 22 assurance process and increased support for districts out of compliance and needing corrective action. ODE also successfully pursued a rule change to make Division 22 reporting and corrective action occur earlier in the school year.

ODE has also hired a full-time Division 22 specialist who has revised the Division 22 website, developed systems for tracking and follow-up, and created proactive communication tools to support districts.

The formation of a dedicated ODE workgroup is significant progress toward improving Division 22 standards. However, the group has not yet evaluated the standards for enforceability and clarity, the most important aspect of this recommendation.

Recommendation #9

Thoroughly evaluate Title I school improvement program results annually and include the evaluation and results in ODE’s statewide report card.

**Partially
Implemented**

Schools designated as Title I schools under federal law are high-poverty, and often enroll high proportions of historically underserved students, including Black and Latino students. According to ODE, the COVID-19 pandemic severely limited statewide assessments as well as the collection and publishing of data on school improvement program results, which our audit identified as a key step to raise awareness of school improvement programs and their role in closing equity gaps. Agency officials say plans are in place to develop new Title I support and school improvement procedures for 2021-22, including data sources for evaluating results. ODE officials also surveyed school districts in February 2021 to gather district-reported evidence on the results of school improvement program efforts, and said they have worked with districts to address identified problems.

ODE could have made progress on public reporting and more detailed evaluation before the pandemic, however. ODE has identified a total of 268 low performing Oregon schools, including Title I and other schools, for school improvement efforts; 70 of these were identified in 2018-19 alone. While results for schools identified for additional support under the federal Every Student Succeeds Act (ESSA) were available for the 2018-19 school year, the agency provided no evidence that it had made progress toward analyzing those results. This lack of progress raises concerns. Regularly measuring and reporting the results of Title I school improvement programs is an important step to help close Oregon’s gaps in student performance by race and ethnicity.

Recommendation #10

Annually evaluate and publicly report on the effectiveness of specific ODE interventions for districts that do not improve the performance of their struggling high-poverty schools as part of ESSA efforts.

**Not
implemented**

As in recommendation no. 9, ODE leaders said the pandemic has made it infeasible to monitor the effectiveness of school improvement interventions under ESSA. The agency provided no evidence of efforts to implement this recommendation in the year between the audit release and the beginning of the pandemic. ODE reports that efforts to improve evaluation and reporting systems under ESSA are underway and are occurring in conjunction with implementation of Oregon’s SSA and High School Success programs (see recommendation no. 11), but the extent of those improvements is not clear.

Recommendation #11

Include a thorough analysis of how ODE is addressing challenges to effective ESSA implementation and the results of those efforts in reports to the public, the State Board of Education, and Legislature. These challenges include: timely implementation; the effectiveness of continuous improvement plans; braiding federal and state funds; and ensuring different ODE departments coordinate to help districts and schools improve. Also report on stakeholders’ views of ODE efforts.

**Partially
implemented**

ODE has made significant progress in implementing the requirements of the SSA, which contains accountability and reporting requirements that overlap with the ESSA and address some of the audit’s concerns about a longstanding lack of transparency at ODE around challenges to successful ESSA implementation.

- ODE is required to submit SSA progress reports to the Legislature on a regular basis; the agency submitted one report in February 2020.
- The act requires ODE to monitor performance growth targets of each SSA grant recipient each biennium, gives ODE the authority to require grant recipients to enter coaching programs, and requires ODE to establish a procedure for conducting performance audits of grantees.
- ODE's Office of Education Innovation and Improvement was created in response to the passage of the SSA. The office combines several teams working on related student improvement initiatives with the expectation this will help address the problem of coordination among various ODE offices.

However, challenges to both ESSA and SSA implementation and efforts to address those challenges are not being publicly reported in detail, a significant concern given Oregon's history of ineffective K-12 reform efforts.

ODE provided no compelling evidence that ESSA implementation challenges and performance are being evaluated in detail in public reports. As of July 2021, the SSA reports to the Legislature have identified some challenges but have not reported on challenges in detail or included stakeholder views of ODE's efforts. ODE regularly reports on SSA-related programs to the State Board of Education, but none of the presentations reviewed by OAD have addressed challenges to implementation or efforts to meet those challenges. ODE states that the State Board of Education has had limited time on its agenda for general reports due to pandemic response efforts.

Recommendation #12

Conduct a staffing analysis to determine whether ODE's current staffing assignments align with and support the state's education priorities. Discuss results with the Legislature. **Implemented**

ODE completed a staffing analysis and moved seven existing and new SSA programs under the new Office of Education Innovation and Improvement, for a total of 48 positions focused on state priorities of improving student outcomes. The office combines several teams working on related student improvement initiatives, such as Title I school improvement, Measure 98 High School Success, and several new initiatives created under the SSA.

Recommendation #13

Report to the public, State Board of Education, and Legislature on how ODE manages grantee performance for key federal and state grants designed to improve student outcomes. Also include in this report administrative funding provided for these grants and whether ODE has adequate resources to conduct performance management. **Partially implemented**

ODE completed reports on grant management to the State Board of Education and Legislature by June of 2019. The 2019 Legislature added 26 positions in the Office of Education Innovation and Improvement to support Student Investment grants under the SSA. The additional staff should greatly help with administration of these key grants and provide adequate resources to conduct performance management. Also, in the 2019 legislative session, ODE presented a case to the Governor and Legislature for additional administrative staffing, including business services personnel focused on processing grants. The department received 10 extra staff for administrative duties.

The new Office of Education Innovation and Improvement is responsible for the management of several key grant programs, and the office appears well staffed. However, it is less clear if ODE staffing is adequate to manage the performance of grants outside the Office of Education and Improvement.

Recommendation #14

For key grants, incorporate best-practice performance management, including setting quantitative and qualitative performance expectations in contracts, establishing baseline measurements, and providing timely and constructive feedback to grantees.

**Partially
implemented**

The new Office of Education Innovation and Improvement has developed best practices for the monitoring and evaluation of progress with Student Investment Account programs, including extensive guidance for schools on collection and evaluation of longitudinal performance data — data following students over long time periods. Innovation and Improvement staff have also been involved in ongoing work reviewing best practices for monitoring of performance in all the office’s programs and in developing performance management plans for grant recipients under the Student Success Act.

A new grant agreement template in use at ODE shows some improvement in performance management best practices, such as setting project evaluation and reporting requirements. At least one of the grants using the new template, for African American Black Student Success programs, sets qualitative and quantitative performance expectations, as well as including a discussion of the types of feedback that ODE can provide while monitoring grant performance.

The framework for performance management for grants under ODE’s Office of Education Innovation and Improvement appears promising. However, aside from the new grant template, ODE has not provided evidence of additional improvements to grant performance management practices for the numerous grant programs outside that office. Examples of grants managed outside the innovation and improvement office include the African American Black Student Success grants and grants for American Indian/Alaska Native, and English learner students. ODE officials said they plan to meet with all ODE grant managers during the 2021-22 fiscal year and include performance management strategies as part of the meetings.

Recommendation #15

Provide consistent oversight and support for grant managers, including training on how to evaluate grant performance and collaboration tools such as performance evaluation templates.

**Partially
implemented**

Support for managers focused on fiscal and compliance aspects of grant management is a priority at ODE. The agency requires training for all financial personnel who manage contracts and grants. ODE also has an intranet site with reference and training information and is pursuing improvements to its internal electronic grant management system.

However, ODE did not provide evidence of training for grant managers to evaluate grantee performance and to measure qualitative or quantitative outcomes of grants. For example, a listing of grant management training materials available on ODE's intranet did not contain any clear evidence of grant performance management information.

Conclusion

Since the original audit was issued in January 2019, ODE has made significant progress by implementing the SSA, passed later that year, and creating a new Office of Education Innovation and

Improvement. Despite challenges created by the COVID-19 pandemic, ODE also made progress analyzing school district spending, consolidating initiatives, beginning a review of Division 22 standards, and developing a new grant agreement template with improved performance management features.

The SSA has provided substantial additional funding to K-12 education, along with new requirements for tracking district performance and working to improve it. The act focuses strongly on improving school and district efforts with historically underserved students, offering an important opportunity to narrow equity gaps in school performance.

However, our follow-up work indicates ODE must do more to provide guidance on school district spending, publicize challenges and results for school improvement efforts, and manage performance of initiatives to help vulnerable students. Without sustained focus on these tasks — and improved transparency about how the tasks are proceeding — the risk is high that Oregon's long history of ineffective school reform efforts and persistent equity gaps will continue.



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About the Secretary of State Audits Division

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