



Washington State Auditor's Office

Troy Kelley

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Special Report

Alternative Learning Experience

Evergreen School District No. 114

Clark County

For the period September 1, 2012 through August 31, 2013

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Washington State Auditor

Troy Kelley

February 23, 2015

Board of Directors
Evergreen School District No. 114
Vancouver, Washington

Report on Alternative Learning Experience

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance with alternative learning experience enrollment reporting rules. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR

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AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with state laws and regulations and its own policies and procedures regarding alternative learning experience (ALE) enrollment. For the year ending, August 31, 2013 the District received approximately \$131.7 million in combined enrollment and staff mix funding; approximately \$3.4 million of this was related to its ALE programs.

However, we identified areas in which the District could make improvements. The District's GED Program offered at Legacy High School did not offer credits leading to a high school diploma, as required for funding under WAC 392-410. We recommend the District:

- Report only students in programs leading to a high school diploma for ALE funding.
- Specify whether the ALE courses meet state and district graduation requirements.
- Identify whether the plan meets one or more of the state's academic learning requirements or any other academic goals, objectives and learning requirements as defined by the District.
- Work with OSPI Audit Resolution to determine repayment to the state.

These recommendations were included in our report as a finding.

iQ Academy Washington – The program reported 404.68 average annual full-time equivalents (AAFTE). Our audit tested a sample of 10 students and found 0.80 student months under-reported. The program correctly reported students at 80 percent or 90 percent funding based on documented contact time. Our testing identified the following errors:

- Two eligible students were not reported for one month. Adequate documentation was available to support each at 80 percent funding.
- One partially enrolled student was over counted for two months because monthly progress reviews were conducted outside of the normal process and were not documented. One month was incorrectly reported at 80 percent funding rate and one month incorrectly reported at 90 percent funding rate.

The District was under-funded approximately \$295 based on our testing.

Flex Academy – The program reported 112.16 AAFTE. Our audit tested a sample of nine students and identified 0.20 student months under-reported. The program correctly reported students at 80 percent or 90 percent funding based on documented contact time. Our testing identified the following:

- Due to an error in process, a net 0 .20 student months were undercounted. When monthly progress reviews are not conducted, rules require the student not be counted in the subsequent month.

The District was underfunded approximately \$50 based on our testing.

Legacy High School – The combined programs reported 238.85 AAFTE. Our audit tested a sample of nine students and found:

- Project Program students were correctly reported for both FTE and 80 or 90 percent funding rates based on documented contact time.
- Independent Study students were correctly counted for FTE. However, we noted students in this program were incorrectly reported for 90 percent funding rate for seven of 18 months tested. Based on documented contact time, these students only qualified for 80 percent funding rate.
- The GED Program reported 62.8 AAFTE. Our audit involved performing procedures to obtain evidence about the District’s compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program. During fiscal year 2012-2013, the program did not offer credits leading to a high school diploma, as required for funding under WAC 392-410. All students were reported at the 90 percent funding rate. We disallowed funding for this program.

The District was overfunded approximately \$287,680 based on our testing.

Clark County Vocational Skills Center – The program reported 17.88 AAFTE. Our audit involved performing procedures to obtain evidence about the District’s compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program. We found that controls are adequate to assure compliance.

About alternative learning experience programs

ALE programs are a form of basic K-12 public school education in Washington State. While students in traditional basic education attend classes on campus and have face-to-face contact with teachers and other staff, ALE students may spend most, or even all, of their time outside of a regular classroom setting.

Districts may build Internet-based educational programs that enroll students from anywhere in the state. Besides Internet programs, ALE can be accomplished through a contract between a

student and district instructors, or through a parent-partner program in which parents participate in the design and teaching of the student's courses. These programs are different from homeschooling in that students remain part of the public school system and districts claiming funding are responsible for supervision, monitoring, assessing and evaluating the student's education.

Districts may count ALE students for funding when they report enrollment to the Office of Superintendent of Public Instruction (OSPI). In order to claim ALE students for funding, ALE programs must satisfy OSPI's requirement for courses of study leading to a high school diploma. Districts must: prepare detailed plans for each student, maintain regular contact with students, and evaluate student progress on a monthly basis. Districts must also keep detailed records to show they have met all of these requirements. During the audit period from September 1, 2012 through August 31, 2013 the ALE funding provided by OSPI was reduced to 90 percent or 80 percent of the traditional basic education allocation rate based on the District's student-instructor contact time.

During the period under review, the District operated five ALE programs, which accounted for three percent of its total basic student enrollment:

iQ Academy Washington is an online program serving students in grades six through 12. The District contracts with K-12 Incorporated, a national online education provider, for all course work and management of required ALE documentation. This program has operated for three years and nonresident students represent 77 percent of students reported for funding. The program reported 49 percent of students at the 90 percent basic education allocation (BEA) funding rate.

Flex Academy is a parent-partnership online program serving students in grades kindergarten through eighth. The District contracts with K-12 Incorporated, a national online education provider, for all course work; however the District manages its own program documentation. The program has an on campus component as well; classes are taught by district teachers. This program has operated for two years and nonresident students represent 21 percent of students reported for funding. The program reported 99 percent of students at the 90 percent BEA funding rate.

Legacy High School has served grades nine through 12 resident students for about 35 years and reported 98 percent of students at the 90 percent BEA funding rate. The high school offers three separate dropout prevention programs:

- Project is a contract-based program where students attend scheduled classes on campus four days per week.
- Independent Study is a contract-based program where students attend onsite weekly for about one hour.

- General Education Development (GED) Preparation Program is a contract-based program for students who are studying to earn a GED certificate instead of a high school diploma. Students meet with their teacher two to 15 hours weekly.

Clark County Vocational Skills Center offers online English and Social Studies courses to its students in grades 11-12. The Skills Center's Academics Program is designed to serve students who have a scheduling conflict or need to recover credits to graduate. This program has operated for five years and nonresident students represent 49 percent of students reported for funding. The program reported 99 percent of students at the 90 percent BEA funding rate.

About the audit

In 2013 the state Legislature passed ESSB 5946, requiring school districts to receive biennial audits of their ALE program. This report contains the results of our independent audit of ALE enrollment at Evergreen School District No. 114 from September 1, 2012 through August 31, 2013.

Management is responsible for ensuring compliance with applicable ALE requirements. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

- 1. The District received basic enrollment funding for students enrolled in an alternative learning experience (ALE) general education development (GED) program that did not offer a course of study leading to a high school diploma resulting in overfunding of approximately \$287,680.**

Background

Alternative learning experience (ALE) is an individualized course of study that school districts may claim for basic education funding provided the district complies with state regulations.

The Office of Superintendent of Public Instruction (OSPI) establishes the rules and provides instructions on ALE enrollment reporting for state funding.

OSPI rules require ALE programs funded by the state offer a course of study leading to a high school diploma.

Description of Condition

In the 2013 school year, the District received more than \$131.7 million based on student enrollment and the education and experience of its teachers. Of this, its reported ALE enrollment generated approximately \$3.4 million.

ALE courses must meet requirements in Washington Administrative Code (WAC 392.121.182 and WAC 392-410). Our audit found the GED ALE Program at Legacy High School did not offer a course of study leading to a high school diploma, as required by WAC. Legacy GED plans specifically stated the courses do not meet high school graduation requirements or essential academic learning requirements (EALRs) or grade level equivalency (GLEs). Therefore, the District may not claim funding for students enrolled in this high school ALE program.

Cause of Condition

District personnel were not aware of the requirement that students claimed for ALE funding must be enrolled in a course of study leading to a high school diploma.

Effect of Condition

We determined the District over-reported 62.8 average annual full-time equivalent students in the Legacy High School GED Program, resulting in an overfunding of approximately \$287,680.

Recommendation

We recommend the District:

- Report only students enrolled in ALE programs leading to a high school diploma.
- Specify, as required by state law, whether the ALE courses meet state and district graduation requirements.
- Identify, as required by state law, whether the plan meets one or more of the state's academic learning requirements or any other academic goals, objectives and learning requirements as defined by the District.
- Work with OSPI Audit Resolution to determine repayment to the state.

District's Response

The District appreciates the Auditor's office bringing audit issues to the District's attention. The District takes audit issues seriously and makes the necessary changes to strengthen controls and avoid future issues.

In regards to Alternative Learning Experience (ALE), the District has followed state procedure in compliance with Washington Administrative Code 392-121-182 and OSPI requirements for ALE.

Specifically, the District believes that it is not in violation of WAC 392-121-182 – Alternative Learning Experience Requirements, and enrollment funding should be allowed, as explained below:

1. *For school year 2012-2013, credits were not required for ALE courses offered, under 392-121-182(6)(q):*

“Alternative learning experience courses offering credit or alternative learning experience programs issuing a high school diploma must satisfy the state board of education's high school credit and graduation requirements as provided in chapter 180-51 WAC.”

The District did not offer credits for the GED program classes as allowed under 392-121-182(6)(q), for 2012-2013, until the same RCW was changed for 2013-2014, as explained below.

2. *For 2013-2014, credits were required for ALE courses offered, under 392-121-182(6)(q):*

“High School alternative learning experience courses must be offered for high school credit. Courses offering credit or alternative learning experience programs issuing a

high school diploma must satisfy the state board of education's high school credit and graduation requirements as provided in chapter 180-51 WAC.”

The District did issue credits for the GED program classes as required under 392-121-182(6)(q) in 2013-2014.

The District believes that it was in compliance with WAC 392-121-182 during the audit year for 2012-2013, in that credits were not required for GED ALE courses offered, and therefore, enrollment funding should be allowed.

Auditor’s Remarks

We thank the District for its cooperation and assistance during the audit. The updated language referenced in the Washington Administrative Code was a clarification of the existing rule, not a new requirement. We reaffirm our position and will review the status of the issue during our next audit.

Applicable Laws and Regulations

Washington Administrative Code 392-121-182, Alternative learning experience requirements, states in part:

(3)(c)(viii) Identification of whether each alternative learning experience course meets one or more of the state essential academic learning requirements or grade-level expectations and any other academic goals, objectives, and learning requirements defined by the school district. For each high school alternative learning experience course, the written student learning plan must specify whether the course meets state and district graduation requirements.

(6) Alternative learning experience implementation requirements:

(p) The alternative learning experience must satisfy the office of superintendent of public instruction’s requirements for courses of study and equivalencies as provided in chapter 392-410 WAC.

Washington Administrative Code 392-410-115, Mandatory areas of study in the common school, states in part:

(4) A school district shall offer all required courses for a high school diploma as provided in chapter 180-51 WAC and shall provide an opportunity for high school students to take at least one course in the following areas of study:

(a) Art

(b) Career Education

- (c) Computer Education
- (d) Consumer Education
- (e) Economics
- (f) A language other than English which may include American Indian languages
- (g) Health education
- (h) Home and family life
- (i) Music
- (j) Remedial education, including at least, remedial education in reading, language arts and mathematics

(5) Districts shall make available to all high school students enrolled therein the areas of study enumerated above either within the district or by alternative means which shall include equivalent education programs set forth in this chapter, interdistrict cooperative programs as permitted by RCW 28A.225.220, and/or the full-time or part-time release of such students to attend nonresident districts pursuant to chapter 392-137 WAC.

Washington Administrative Code 180-18-055 identifies alternative high school graduation requirements:

(10) Any waiver requested under this section will be granted with the understanding that the state board of education will affirm that students who graduate under alternative graduation requirements for high school have in fact completed state requirements for high school graduation in a nontraditional program.

Washington Administrative Code 392-121-107 Definition – Course of study, states in part:

(1) Course of study includes:

b) Alternative learning experience – Alternative learning experience provided by the school district in conformance with WAC 392-121-182.

(2) Course of study does not include:

i) Extracurricular activities including but not limited to before and after school activities such as classes, sports and other activities offered outside the regular curriculum or for which credit is not earned.

INFORMATION ABOUT THE DISTRICT

Evergreen School District No. 114 serves approximately 26,400 students in kindergarten through 12th grade. Located in Clark County, the District operates 38 schools, including six high schools, six middle schools, 21 elementary schools, the Clark County Vocational Skills Center, the Evergreen Internet Academy, Evergreen Flex Academy, Early Childhood Center, and the 49th Street Academy.

An elected, five-member Board of Directors governs the District. The Board appoints management, sets the budget and holds other financial responsibilities. The District operates on a \$241 million annual budget with a staff of approximately 3,200 employees.

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|---|--|
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Audit history

You can find current and past audit reports for the District at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

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We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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