SPECIAL PERFORMANCE AUDIT REPORT

Pennsylvania Department of Education

October 2015
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October 5, 2015

The Honorable Tom Wolf  
Governor  
Commonwealth of Pennsylvania  
Harrisburg, PA 17120

Dear Governor Wolf:

This report contains the results of the Department of the Auditor General’s two special performance audits of the Department of Education (PDE). These audits covered the period July 1, 2010, through August 1, 2015, unless otherwise noted. These audits were conducted under the authority of Sections 402 and 403 of The Fiscal Code, 72 P.S. §§ 402-403, and in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We performed these audits to determine the interaction of the Pennsylvania State Board of Education (BOE) and PDE in establishing and implementing education policy, rules, regulations, and procedures. Also, we wanted to determine what PDE does to help improve the academic performance of elementary and secondary schools that have been identified by PDE as poor performers. Further, we wanted to determine the extent to which PDE has: (a) employed special advisors, assistants, and/or annuitants and effectively monitored the performance of these employees in fulfilling their job duties and responsibilities, and (b) contracted with individuals for professional services (including, but not limited to, independent contractors and consultants) and effectively monitored their performance in fulfilling the terms and conditions of their contracts.

We found that, for 16 years, BOE’s misdirected leadership has resulted in the failure to update the Commonwealth’s Basic Education Master Plan, which is required by the Public School Code of 1949 (PSC) and is to serve as guidance for, among others, the Governor and members of the General Assembly as they advance education policy. While we are aware of and acknowledge the many policy initiatives and required tasks
the BOE has undertaken during the past 16 years, the required master plan is an important core function of the BOE that provides a foundational road map for education policy in the commonwealth, and we are hopeful that the board members, as well as PDE, will begin to recognize it as such.

We also found that 561 poor performing schools are receiving inadequate assistance from PDE, placing more than 310,000 students at risk of attending a school that is not adequately assisted by PDE. Further, we found that PDE used ill-defined and non-substantive justifications to rehire annuitants and failed to monitor those annuitants resulting in noncompliance with the Commonwealth’s State Employees' Retirement Code. Finally, we found that PDE failed to monitor special advisors and assistants, and PDE lacked written procedures to monitor professional service contracts. We offer 30 recommendations for BOE and PDE to alleviate identified deficiencies. BOE and PDE have had an opportunity to review the findings and recommendations contained within, and we have included each response in the report.

We will follow up at the appropriate time to determine whether and to what extent all recommendations have been implemented.

Sincerely,

Eugene A. DePasquale
Auditor General
Executive Summary

Introduction and Background

Finding One – For 16 years, the Pennsylvania State Board of Education’s misdirected leadership has resulted in failure to update the Commonwealth’s Basic Education Master Plan.

Recommendations

Finding Two – 561 poor performing schools are receiving inadequate assistance from PDE. More than 310,000 students are at risk.

Recommendations

Finding Three – PDE used ill-defined and non-substantive justifications to rehire annuitants and failed to monitor those annuitants resulting in noncompliance with the Commonwealth’s Retirement Code.

Recommendations

Finding Four – PDE failed to monitor special advisors and assistants, and PDE lacked written procedures to monitor professional service contracts.

Recommendations

Agencies’ Responses and Auditors’ Conclusions

Appendix A – Objectives, Scope, and Methodology

Appendix B – Board of Education Membership

Appendix C – Department of Education Organization Chart

Appendix D – Audit Report Distribution List
Executive Summary

The Constitution of Pennsylvania provides for both the maintenance and support of a “thorough and efficient” system of public education.¹ To that end, our Commonwealth’s system of public education continues to evolve. For example, Pennsylvania’s schools—for better or worse—are far removed from the idyllic days of one-room school houses and “learnin’ the three R’s.” Today, our public education system is confronted with a multitude of different issues and challenges: federal mandates, accountability standards, curriculum changes, expanded school choice from cyber and charter schools, and societal/cultural influences, that all heavily impact Pennsylvania’s ability to deliver a thorough and efficient public education system.

In the wake of ongoing changes to Pennsylvania’s public education system, we undertook our performance audit to evaluate program results at the State Board of Education (BOE) and the Pennsylvania Department of Education (PDE). Specifically, we sought to determine how the BOE and PDE interact in developing education policy. At the state level, effective education policy, largely expressed in BOE regulations, helps to develop a pathway by which the Commonwealth’s public schools can best provide quality education to its students.

We also sought to determine what PDE does to help the academic performance of schools it identifies as academic “poor performers.” These schools face ongoing challenges, and new steps are needed to help reverse these struggling schools. Additionally, during the course of our audit, we were presented with a flood of concerns regarding PDE’s use of special advisors, assistants, and annuitants. We sought to expand our existing audit to include this latter issue; however, in the fall of 2014, PDE refused to cooperate with our audit expansion. Ultimately, we initiated another audit to “add” this audit objective.

Our audit period was July 1, 2010, through August 1, 2015, unless otherwise noted. Our audits included extensive inquiries of PDE and BOE for information necessary to answer our audit objectives. We also reviewed PDE’s latest publically-available data on school performance, the 2013-14 School Performance Profiles. Finally, while BOE and PDE have mandates covering both higher education and basic education, our audit focus was solely related to matters impacting basic education.

The audit report contains four findings and 30 recommendations. Findings one and two pertain to our initial audit objectives, and findings three and four address our added audit objective. Our finding results are summarized as follows:

BOE has not updated the Commonwealth’s Master Plan for Basic Education required by the PSC since 1999. Failure to update this Plan has left the Commonwealth lacking a strategic planning document that is in alignment with the difficult issues confronting today’s educational conditions.

PDE provided inadequate attention to 561 “poor performing” schools that provide education to more than 310,000 students. PDE lacked a definition for a poor performing school, and PDE focused its attention only on a subset of those schools that received additional federal dollars. PDE must take a fresh look at how it goes about supporting poor performing schools, and we offer a three-step approach for future consideration by policymakers.

With respect to PDE’s use of annuitants—those Commonwealth employees who have retired from service but returned to work for PDE on an emergency basis—we found that PDE, in some cases, used poor justifications to rehire annuitants. We also found that PDE failed to monitor these annuitants to ensure that they did not exceed the statutorily set maximum for the number of days these employees are permitted to work.

Regarding PDE’s use of special advisors and assistants—including PDE’s employment of a Special Advisor for Higher Education—we found PDE failed to monitor special advisors and assistants. In particular, with the former Special Advisor, we found that for several months PDE accepted no responsibility for monitoring the employee, despite paying him a cabinet-level salary. Other special assistants who reported to the Secretary of Education had job descriptions and delineated roles, and met with the Secretary of Education on occasion, but no other evidence that supported PDE’s monitoring of these individuals could be provided. Lastly, we found that PDE lacked written procedures to monitor professional services contracts. Instead, PDE placed the onus for monitoring the contractors on the respective bureau program personnel.
Responses from BOE and PDE are included in the report. While BOE felt unfairly critiqued by our finding pertaining to the lack of a current Master Plan for Basic Education—citing competing demands placed upon it by the General Assembly—BOE agreed with the recommendations we made. BOE indicated that it is committed to updating the Master Plan for Basic Education. PDE similarly agreed with nearly all of the recommendations we presented, and pledges to work with stakeholders to improve and support the success of the Commonwealth’s public education system, as well as fixing previous short-comings in its internal operations.
This audit report presents the results of our two special performance audits of the Department of Education (PDE). Our special performance audits were conducted in accordance with applicable generally accepted government auditing standards.

Our audits had three objectives (see Appendix A – Objectives, Scope, and Methodology for more information):

1. To determine the interaction of the Pennsylvania State Board of Education (BOE) and PDE in establishing and implementing education policy, rules, regulations, and procedures;

2. To determine what PDE does to help improve the academic performance of elementary and secondary schools that have been identified by PDE as poor performers, and

3. To determine the extent to which PDE has monitored its special advisors, assistants, and/or annuitants, as well as contracted with individuals for professional services.

For our first audit objective, pertaining to how PDE and BOE interact in education policy-setting, below is brief background information on BOE and PDE.

Further, it is important to note that our audit focused solely on PDE and BOE. We did not evaluate activities of any local education agencies (e.g., public schools, charter schools, or intermediate units, etc.).

Finally, in the sections that follow, we present a brief background on other matters relevant to our audit objectives. This information is relevant in understanding the context of the entities, as well as recent initiatives involving federal accountability. Additional information can also be obtained from PDE’s website at http://www.education.pa.gov/Pages/default.aspx.

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2 Our Department’s Bureau of School Audits conducts routine audits of those entities, which are accessible via our website at www.PaAuditor.gov.
Background information on the State Board of Education

Historical perspective

The origins of earlier BOEs can be traced as far back as 1911. More recently, BOE was reestablished in 1988. At that time, the BOE was split into two councils, one that focuses on basic education and one that focuses on higher education. Policy decisions are developed by either council, but are only implemented when approved by the entire sitting Board. Because of this board structure, in terms of membership, Pennsylvania has one of the largest boards of education in the nation.

Membership and meetings

BOE is comprised of 21 members. The Governor appoints 17 members, with the advice and consent of a majority of the Senate. The Governor designates a member to serve as the board chair. Members serve for overlapping terms of six years. Four additional members (or their respective designees) are from the General Assembly, who serve as long as they hold majority and minority chairs of the House and Senate Education Committees (refer to Appendix B for more information on the current Board membership). All BOE members serve without compensation, but are reimbursed for travel-related expenses to BOE meetings.

The Secretary of Education serves as BOE’s Chief Executive Officer, but may not vote on Board matters. The Secretary of Education is entitled to attend all BOE meetings, including council meetings and any special committee meetings. In addition, the Chairman of the Professional Standards and Practices Commission, or a commission member designated by

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3 Known as “the Revised Public School Code of 1911.”
5 Known as “The Council of Basic Education” and “The Council of Higher Education.”
6 In addition, BOE has four student positions. Two students serve on the Council of Basic Education, and two students serve on the Council of Higher Education. Student members may not vote.
the chair, shall also be an ex officio member of the board without voting privileges or assignment to either council.

BOE meets at least six times a year. Additional council or BOE meetings are held at the call of its chair or at the request of a majority of members.7

**Power and duties**

Pursuant to various provisions of the Public School Code of 1949, BOE has the power, authority, and responsibility to adopt and promulgate regulations, standards, rules, policies, and principles to govern education in the Commonwealth.8 While BOE has authority to promulgate regulations governing education, it does not have administrative control over PDE.

BOE holds no direct authority over elected school boards. In general terms, BOE reviews the work of the two councils and adopts broad policies and principles that establish standards governing the Commonwealth’s educational programs. BOE also has authority for establishing or realigning certain school districts, but such action is only done when a school district or other group petitions BOE.9

More directly related to school performance, BOE has responsibility for adopting the state’s academic standards. These standards are benchmark measures that define what students should know and be able to do at specified grade levels beginning in grade three. The standards are promulgated as state regulations. As such, the standards must be used as the basis for curriculum and instruction in all public schools.10

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7 24 P.S. § 26-2602-B.
8 See the provision in the BOE’s governing statute, 24 P.S. § 26-2603-B and the other related provisions, including but not limited to the following: 24 P.S. § 1226 (pertaining to teacher certification), 24 P.S. § 13-1302.1-A (pertaining to Safe Schools), 24 P.S. § 15-1553 (pertaining to Dating violence education), 24 P.S. § 15-1554 (pertaining to Holocaust, genocide and human rights violations instruction), and 24 P.S. § 19-1902-A (pertaining to Community colleges).
9 24 P.S. § 26-2603-B(d)(1). One recent example was a coalition of York County Washington Township residents, under the leadership of the Washington Township Education Coalition, submitting an application requesting a transfer from the Dover Area School District to the Northern York County School District. BOE denied the application on September 17, 2015. http://www.pennlive.com/midstate/index.ssf/2015/09/state_board_of_education_votes.html
10 Pennsylvania’s education standards are known as the Pennsylvania Core Standards and consist of 12 subject areas. These standards are similar to the Common Core standards adopted by other states.
Department of Education

Organizational structure

BOE is constituted as a departmental administrative board of PDE. The Secretary of Education and BOE jointly select the BOE staff, which currently consists of an Executive Director and one other staff person. PDE may provide other secretarial and administrative support for the councils. PDE also provides BOE with office space, equipment, and meeting rooms as needed. BOE is headquartered at PDE’s headquarters in Harrisburg, but it does occasionally hold meetings outside of Harrisburg, whenever possible.

Background information on the Department Education

Historical perspective

Article III, Section 14 of the Constitution of Pennsylvania states that the “General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth.” In conjunction with this constitutional requirement, some form of an executive level agency has existed to oversee public education in the Commonwealth for well over 175 years. Consequently, PDE is one of the oldest agencies of state government.

PDE’s responsibilities include both preK-12 (basic education) and higher education (post-secondary). PDE establishes standards and measures aimed at continuous improvement of school curriculum and manages staff development and research dissemination systems to ensure that all education institutions can select from proven practices to boost student achievement.

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12 See https://archon.klnpa.org/psa/?p=classifications&collection=classes&filter_id=489
13 Governor’s 2015-16 Executive Budget, pg. E17-1.
Department of Education

Organizational structure

The Secretary of Education is PDE’s chief executive. The Secretary is appointed by the Governor and confirmed by a majority of the Pennsylvania Senate.\textsuperscript{14} PDE organizes itself along five offices which oversee PDE’s programs and goals (see Appendix C for a current organization chart of PDE).

Background on federal mandates to improve poor performing schools

Federal mandates related to poor performing schools are primarily derived from the Elementary and Secondary Education Act (ESEA) of 1965.\textsuperscript{15} ESEA’s “Title I” was developed to improve educational equity for students from lower income families and provides financial assistance to local education agencies (LEAs) and schools with high percentages of children from low-income families.

In 2002, ESEA was reauthorized with sweeping legislation known as the “No Child Left Behind Act of 2001” (NCLB).\textsuperscript{16} NCLB supported standards-based education reform based on the premise that setting standards and establishing measurable goals will improve education performance in the poorest performing schools. To that end, in order to receive federal funding, states were required to develop standard assessments and give these assessments to all students at specific grade levels. Pennsylvania met this requirement through the Pennsylvania System of School Assessment (PSSA).\textsuperscript{17}

NCLB required states to ensure that all students were proficient in grade-level mathematics and reading by 2014. States defined grade level performance, but states were to ensure that schools made “adequate yearly progress” (AYP) toward those

\textsuperscript{14} 71 P.S. § 67.1.
\textsuperscript{15} Public Law 89-10.
\textsuperscript{16} 20 U.S.C. § 6301 \textit{et seq}.; please note that Act was passed by Congress in 2001 but not signed into law until 2002.
\textsuperscript{17} Student mastery in subject areas is tested in grades three through eight. The Pennsylvania Alternative System of Assessment (PASA) is used for students who are unable to take PSSAs. High school students will be tested on end-of-course assessments designed to assess proficiency in the subject areas of Algebra I, Algebra II, Geometry, Literature, English Composition, Biology, Chemistry, U.S. History, World History, and Civics and Government. These latter assessments are known as Keystone Exams.
Department of Education

goals by 2014. Consequently, each year PDE used PSSA results from the previous year to determine which schools had made AYP and which schools did not. Schools that repeatedly failed to make AYP were required to institute varying changes.

Pennsylvania’s NCLB Waiver

As early as 2011, it became apparent that states were not going to meet the proficiency standards envisioned by NCLB legislation. As a result, U.S. Department of Education (USDE) allowed states to petition for a “flexibility waiver” for many of the NCLB mandates, including meeting AYP proficiency benchmarks.

In order to receive a waiver, a state was required to demonstrate that it had adopted or would implement a series of reforms to its academic standards, student assessments, and accountability for schools and educators. Pennsylvania applied for its waiver on February 28, 2013, and received approval from the USDE on August 20, 2013, to proceed with its waiver implementation. The waiver took effect in the 2013-14 school year and remains in place through the 2015-16 school year. After the 2015-16 school year, PDE may request an extension from USDE. Forty-five other states have applied for NCLB flexibility waivers.

NCLB Waiver and School Performance Profile

A key component of Pennsylvania’s flexibility waiver is that it removed AYP as the state’s school education performance standard, and introduced a new accountability measure, known as the school performance profile (SPP). Similar to a report card, SPP calculates a school’s performance on a 100 point scale based on how well that school performed on annual measurable objectives (AMOs). AMOs include: test participation rate, graduation rate/attendance rate, closing the achievement gap for all students, and closing the achievement gap of historically underperforming students.
Department of Education

### Finding 1

For 16 years, the Pennsylvania State Board of Education’s misdirected leadership has resulted in failure to update the Commonwealth’s Basic Education Master Plan.

**What are the issues?**

<table>
<thead>
<tr>
<th>1. Failed to update the Master Plan</th>
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<tr>
<td>Under the Public School Code of 1949 (PSC), the State Board of Education (BOE) is required to update the Master Plan for Basic Education (Plan) every five years. The Plan is to serve as guidance for, among others, the Governor and members of the General Assembly as they advance education policy. Unfortunately, BOE has failed to provide leadership over this fundamental statutory responsibility.</td>
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<th>2. Existing Master Plan is outdated</th>
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<td>The Plan was last updated in 1999—16 years ago. The outdated Plan no longer reflects the Commonwealth’s current education environment, including significant legislative changes to the PSC, as well as to federal education statutes. For example, the Plan does not address mandates like “No Child Left Behind,” Pennsylvania’s NCLB’s Approved Waiver, or the impact to school districts from the significant growth of charter and cyber charter schools. Consequently, the Commonwealth lacks an education strategic plan that is in alignment with the current conditions impacting schools, districts, teachers, administrators, and most importantly, students.</td>
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<th>3. BOE’s focus to its statutory mission is lost</th>
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<td>BOE’s Plan should link initiatives from all policymakers and education professionals, such as PDE’s program officials and other staff, administrators and teachers from throughout the Commonwealth. Through the Plan, BOE should be the driver of education policy and program development. Without the Plan, BOE’s role is diminished and its focus on its statutory duties is lost.</td>
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18 Subsection (i) of Section 2603-B (relating to Powers and duties of the board) of the PSC, 24 P.S. § 26-2603-B(i).
The Board of Education has failed to update the Commonwealth’s Master Plan for Basic Education.

BOE is an integral link between policymakers, the Pennsylvania Department of Education (PDE), and the hundreds of local education agencies (LEA) that ultimately deliver public education to Pennsylvania’s school-age youth. To that end, we focused on BOE’s mandated responsibilities that link policymakers and the Commonwealth’s education stakeholders. In particular, we looked at BOE’s statutory responsibility to develop a Plan and to update the Plan every five years. As shown below, this document should provide the guidance from which basic education policy, rules, regulations, and procedures are developed and its development at least every five years is one of BOE’s core functions.

BOE’s responsibilities and powers are enumerated in the PSC. More specific to this Finding, the PSC requires the following:

Every five (5) years, the board shall adopt a master plan for basic education which shall be for the guidance of the Governor, the General Assembly, and all public school entities. The master plan shall consider and make recommendations on the following areas, and any other areas which the board deems appropriate:

1. school program approval, evaluation, and requirements;
2. school personnel training and certification;
3. student testing and assessment;
4. school governance and organization;
5. curriculum materials development;
6. school finance;
7. school buildings and facilities;
8. transportation;

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19 The Council of Basic Education is required, among other duties, to “develop a master plan for basic education in this Commonwealth, as provided by law, for adoption” by BOE. The council consists of ten members of the BOE. In addition, the BOE chairman is to be a member of the council and the Governor is to designate a member serving on each council to act as chairman of the council. See 24 P.S. §§ 26-2604-B(b)(1) and 26-2602-B(e).
Department of Education

(9) technical services and support services to local education agencies; and
(10) projected long-range needs of the public school system of this Commonwealth.20

The Plan is important because it serves as the Commonwealth’s de facto strategic planning document for basic education. Stated differently, the Plan provides the “road map” by which education policy is driven.

We found that despite a clear statutory mandate to update the Plan every five years, BOE has not complied with this mandate and has not updated the plan within the last 16 years. As discussed in the section that follows, despite considerable changes in Pennsylvania’s public basic education environment over the last 16 years, BOE has failed to keep its most critical strategic planning document (i.e., the Master Plan for Basic Education) current with the Commonwealth’s ongoing public education trends, practices, and issues, including significant legislative changes to the PSC, as well as to federal education statutes.

The existing plan does not reflect current conditions impacting schools, districts, education providers, and students.

The last time BOE updated and approved the Commonwealth’s Plan was on May 13, 1999. We reviewed that Plan and found it to be out-of-date with the Commonwealth’s existing education environment.

For example, no mention is made to the impact of federal “No Child Left Behind” mandates that occurred in 2001-2002.21 To this point, we also highlight that the Plan is even further out-of-date because in 2013 Pennsylvania was granted a “waiver” from many aspects of this federal legislation, and the impact of the waiver is also not addressed in the Plan (see also Finding 2 for more information related to PDE and federal mandates).

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20 See 24 P.S. § 26-2603-B(i) (emphasis added). It should be noted that the PSC also requires a similar Master Plan for Higher Education be developed every five years (24 P.S. § 26-2603-B(h)). However, our focus is solely on BOE’s basic education responsibilities and powers.

21 Please note that the act was passed by Congress in 2001, but it was not signed into law until 2002.
Further, the Plan makes little reference to the rapid expansion of charter schools and the impact these institutions have had on many school districts in terms of funding and facility needs.\textsuperscript{22} For example, in 1999 there were just 41 charter schools. As of the 2014-15 school year, there are now a total of 174 of such schools, 14 of which are cyber charter schools.\textsuperscript{23} These charter schools in their present form were not commonly a consideration in 1999.\textsuperscript{24}

Our review of the 1999 Plan also found it to be very brief and lacking in substance. We expected to see detailed goals, with expected timelines for implementation, and detailed metrics that would support where policy action was needed. Instead, the 1999 Plan is a 15-page document that contains very inadequate discussions and conclusions for 12 areas.\textsuperscript{25} In fact 5 of the 12 areas, including 1) curriculum materials development, 2) school buildings and facilities, 3) transportation, 4) school safety, and 5) projected long-range needs of the public school system of the Commonwealth, were each addressed with only a single paragraph statement and conclusion. The areas of school building and facilities and transportation did not even include a conclusion.

BOE agreed that the Plan has not been updated and that it needs to be reviewed against present day conditions. BOE explained that competing demands for the Board’s time has been an obstacle in updating the Plan.\textsuperscript{26}

Regardless of these competing demands, the Board’s duties with respect to the Plan are clear: its mandate is to re-adopt the Plan every five years, so that the Commonwealth’s key education policy developers have guidance on basic education

\textsuperscript{22} Charter schools were created by Act 22 of 1997, effective June 19, 1997. See 24 P.S. § 17-1701-A \textit{et seq.}

\textsuperscript{23} “Cyber charter schools,” were created by Act 88 of 2002, effective July 1, 2002. See 24 P.S. § 17-1741-A \textit{et seq.}

\textsuperscript{24} Some charter schools approved under Sections 1717-A and 1718-A of the Charter School Law, as amended, at that time did provide “instruction through the Internet or other electronic means” and were authorized by Act 88 of 2002 to continue this type of instruction until their charters expired as long as they abided by the required statutory requirements and regulations. See 24 P.S. §§ 17-1717-A, 17-1718-A, and 17-1749-A(e).

\textsuperscript{25} The 1999 Master Plan includes the ten areas required by the PSC as noted previously in the finding along with two additional areas of vocational and technical education and school safety.

\textsuperscript{26} As examples of these competing demands, BOE cited amendments to the PSC, which required BOE to promulgate certain regulations. Other demands involved the creation of certain task forces or the completion of special studies.
matters from the appointed BOE member experts, many of whom hold advanced degrees in education and/or held positions in education administration, including the Secretary of Education who serves as the Board’s Chief Executive Officer.

On this matter, the Board must be a proactive and decisive leader. In fact, the General Assembly in 1988 made it clear that “[t]he board shall engage in a constant review and appraisal of education in this Commonwealth. The board's evaluation shall take into account such matters as educational objectives, alternative organizational patterns, alternative programs of study, and the operating efficiency of the educational system.”

As BOE stated in 1999 when it updated the last Plan, “[d]eveloping a master plan for basic education provides the opportunity for the Board to lead debate on the most important issues in education.” This statement holds true today, and it is perhaps, even more imperative now given the ongoing federal, state, and local budgetary constraints impacting school entities across the Commonwealth. It is crucial that BOE once again acts as a leader and leads this debate by updating the Plan as soon as possible.

As discussed in the section that follows, BOE should be the genesis from which ongoing education policy is discussed, derived, and evaluated. Sadly, it is not. BOE’s failure to fulfill its leadership role and this statutory mission has left the Commonwealth rudderless as it navigates an ever changing sea of both federal and state mandates. The ultimate effect: public education policy development is stunted, taxpayer dollars may be wasted, and children may not receive the best public education possible.

27 24 P.S. § 26-2604-B(a) (emphasis added).
Without an updated Plan, BOE does not play an effective role in leading education policy development.

At the state level, there are multiple forces involved in the creation of education policy. The Governor can create policy through executive orders, management directives, and other policy documents, and the General Assembly creates intended policy objectives through the development of law. The Secretary of Education creates policy through PDE’s Basic Education Circulars and guidelines. Further, BOE creates policy through adoption of rule makings and regulations.

According to the National Association of State Boards of Education (NASBE), a state board of education meets an important need in state government by leading education policy development and linking the state’s education policymakers with its state department of education. Specifically, NASBE states the following:

State boards of education are integral to the governance of public education in the United States. State Boards, operating as a lay body over state education, are intended to serve as an unbiased broker for education decision-making, focusing on the big picture, articulating the long-term vision and needs of public education, and making policy based on the best interests of the public and the young people of America.

Ideally, one of the key ways to meet NASBE’s vision is to have a strategic plan. A strategic plan serves as the linkage between all policymakers. As stated by NASBE, [a strategic plan] is a successive process for identifying, evaluating, and implementing long term objectives and quantifiable goals for an organization. However, within Pennsylvania, because the

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28 The judicial branch may also have a major influence on education-related policies when reviewing legislative actions and the executive branch’s regulations, policies, procedures, and guidelines.
29 A Basic Education Circular (BEC) is a formal document issued by PDE and which offers PDE’s guidance on the implementation of law, regulation, and policy.
31 Ibid., The Board’s Role in Implementing a Strategic Plan, July 2006, p.1.
Plan has become outdated, BOE is missing its opportunity to be at the genesis of education policy development.

An additional consequence of BOE not updating the Plan is that BOE ends up “taking a backseat” to other policy decisions made by the Governor, the General Assembly, and PDE itself. With this outcome, BOE then loses control of its ability to set its own agenda, which only further weakens its position as the driver for education policy development. Such an effect is divergent from the requirements of the PSC and is contrary to good governance.

We saw evidence of BOE’s weakened position when we inquired if BOE had developed any other planning documents in lieu of adopting a Plan. In its response, BOE stated the following (emphasis added):

The State Board has not adopted a document in lieu of adopting a Master Plan for Basic Education. However, the Board has been engaged in significant policy initiatives relevant to [Master Plan] items…since the adoption of the last Master Plan. For example, policy initiatives related to student testing and assessment and school personnel training and certification were informed, in part, by reports of commissions of stakeholders convened by the Governor on which members of the Board participated.

If BOE had actively updated its Plan, it would have better positioned itself as a leader in developing education policy, instead of relying on gubernatorial convened commissions of stakeholders, whose agendas were controlled outside of BOE. In reiteration, according to the statutory mandate, the Plan is to provide guidance to the Governor, not the other way around, as BOE has allowed it to transpire by not properly updating the Plan.

In the following exhibit, we compare how the Plan should be linking and guiding policymakers, with BOE maintaining leadership in education policy development, to what has transpired through BOE’s inaction.
### Exhibit - 1

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<tr>
<th>What should be happening…</th>
<th>What has happened…</th>
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<tr>
<td>Plan links policymakers.</td>
<td>Plan is out-of-date and not linking policymakers.</td>
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*As designed in statute, BOE’s Plan links policymakers and thereby provides guidance and leadership to policy makers.*

*Since the Plan has not been updated, BOE’s Plan provides no linkage. BOE misses opportunity to lead education policy development.*

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**Diagram:**

- **Governor**
- **BOE**
- **Master Plan**
- **General Assembly**
- **Local Education Agencies** (school districts, intermediate units, charter schools, etc.)

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*Source: Developed by Department of the Auditor General staff.*
Regarding the previous exhibit, PDE has no statutory responsibility to involve itself with the Plan. However, PDE has stated that it would lend resources in the event that the Board does begin work on a new Plan. Concerning the importance of the Plan, PDE noted the following:

PDE also believes that developing a master plan is a serious, time-consuming process requiring involvement of stakeholders and the public…The master plan for basic education would be strengthened by involving multiple stakeholders from a diverse background to ensure the plan is reflective of the needs of all communities throughout the Commonwealth.

We concur with PDE’s assessment that the Plan should involve multiple stakeholders. PDE should do all it can to help foster the timely and effective update of the Plan. The Plan is the critical linking piece between policymakers and conditions impacting the Commonwealth’s school districts. Only after the Plan has been updated will the appropriate guidance be in place from which PDE/BOE may interact in developing future policies, rules, regulations, and procedures.

As BOE moves forward with an updated Plan, it should, at a minimum, consider guidance offered from NASBE in implementing the Plan. According to NASBE, state boards of education are generally successful in identifying a vision, mission, and goals for the state, but less so, in actually implementing the plan and ensuring its success.

In discussing the difficulties that prohibit successful plan implementation, NASBE noted conditions that closely mirror BOE’s current position:

While many organizations have total control over their strategic plans, state boards of education engage in strategic planning activities that require them to combine constitutional and legislative objectives with the priorities and goals established by the board. [Board members] do this as part-time volunteers, sometimes with limited staff, and often in an environment that is politicized by competing agendas. It is no wonder that state board follow-up
To help propel strategic plan implementation, NASBE has identified seven common elements (best practices) that it believes highly effective state boards use to successfully implement a statewide education plan. As BOE moves forward with a new Plan, it should consider these elements in future Board activities. NASBE’s elements are presented in the exhibit that follows:

Exhibit - 2

Seven Elements for Successful Strategic Plan Implementation at the State Level

<table>
<thead>
<tr>
<th>Number</th>
<th>Element</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Create sub strategies</td>
</tr>
<tr>
<td></td>
<td>• Board members should have individual focus areas aligned to the plan.</td>
</tr>
<tr>
<td></td>
<td>• Measurable goals should be developed for each member.</td>
</tr>
<tr>
<td>2.</td>
<td>Timetable management</td>
</tr>
<tr>
<td></td>
<td>• Establish a yearly calendar for the Board.</td>
</tr>
<tr>
<td></td>
<td>• Align plan goals to the calendar to establish priorities.</td>
</tr>
<tr>
<td>3.</td>
<td>Clear direction and support</td>
</tr>
<tr>
<td></td>
<td>• Ensure that appropriate staff are informed of priorities.</td>
</tr>
<tr>
<td></td>
<td>• Ensure adequate support staffing is in place.</td>
</tr>
<tr>
<td>4.</td>
<td>Collaboration with constituencies</td>
</tr>
<tr>
<td></td>
<td>• Involve multiple constituencies beyond Governor and Legislature.</td>
</tr>
<tr>
<td></td>
<td>• Communicate with stakeholders on issues and plan implementation progress.</td>
</tr>
<tr>
<td>5.</td>
<td>Agenda aligns with plan</td>
</tr>
<tr>
<td></td>
<td>• Board meeting agenda should be in alignment with the plan's goals.</td>
</tr>
<tr>
<td></td>
<td>• Majority of the Board's time spent on identified goals.</td>
</tr>
<tr>
<td>6.</td>
<td>Allocation of resources to strategies and goals</td>
</tr>
<tr>
<td></td>
<td>• Board's budget should be developed to adequately support the plan's goals.</td>
</tr>
<tr>
<td></td>
<td>• Budget should be future looking, not just immediate year.</td>
</tr>
<tr>
<td>7.</td>
<td>Evaluation</td>
</tr>
<tr>
<td></td>
<td>• Evaluate progress of plan goals met in the previous year.</td>
</tr>
<tr>
<td></td>
<td>• Ensure an adequate paper trail exists to measure progress.</td>
</tr>
</tbody>
</table>

Source: National Association of State Boards of Education.

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Department of Education

**Recommendations**

**We recommend that BOE:**

1. Immediately convene its Council of Basic Education to begin updating the Master Plan for Basic Education for re-adoption.

2. Establish a deadline for updating the Master Plan for Basic Education to ensure that the plan is completed in a timely manner.

3. Ensure that the updated Plan is a comprehensive document, which meets all statutory requirements as outlined in the Public School Code, is reflective of the Commonwealth’s current and expected future education environment of all communities, and establishes clear goals and responsibilities for improving basic education in the Commonwealth over the next five years.

4. Consult with experts at the National Association of State Boards of Education as part of updating the Master Plan as well as implementing the Plan to ensure that it incorporates the best practices of other state boards.

5. Establish appropriate management controls to ensure that the Master Plan for Basic Education will meet the statutory requirement to be updated every five years.

**We recommend that PDE:**

6. Continue to support BOE with necessary resources to ensure that the Master Plan for Basic Education is updated in a timely, effective, and comprehensive manner.

7. Ensure that it has sufficient internal capacity to help BOE with a successful Plan implementation.

**Agencies’ Responses and Auditors’ Conclusions**

BOE’s and PDE’s responses to this finding and its recommendations are located in the Agencies’ Responses and Auditors’ Conclusions section of the audit report.
Findings 2

561 poor performing schools are receiving inadequate assistance from PDE. More than 310,000 students are at risk.

What are the issues?

1. No definition for a “poor performing” school
   PDE has implemented its School Performance Profile (SPP), which calculates a numerical score for each public school. These scores allow for academic performance ranking and comparison; however, PDE has failed to create its own criteria for what constitutes “poor performing” schools. Instead, PDE relies on federal designations for targeting its support to the Commonwealth’s poorest performing schools.

2. PDE not assisting 561 non-Title I or non-designated Title I schools
   Rather than PDE being proactive in providing substantial assistance to improve the academic performance of all poor performing schools, PDE’s efforts have been the result of federal requirements and are limited to only certain Title I schools. Using SPP scores for the 2013-14 school year, we identified 814 schools with SPP scores below 70, of which 561 receive no substantial assistance to improve academic performance.

3. Three steps to improving academic performance
   We offer a three step long-range pathway for innovative improvements to the academic performance of all schools in the Commonwealth. Steps include BOE updating its master plan and creating a task force, PDE making organizational changes, and PDE developing partnerships with school districts.

PDE lacks criteria to define what constitutes “poor performing” schools.

For the 2013-14 academic school year, PDE utilized a School Performance Profile (SPP) to quantify school performance. The SPP was developed, in part, because of PDE receiving a
“flexibility waiver” in 2013 from the United States Department of Education (USDE) regarding the “No Child Left Behind” requirements. The SPP quantifies school performance on four annual measurable objectives (AMOs): test participation rate, graduation rate/attendance rate, closing the achievement gap for “all students,” and closing the achievement gap of historically underperforming students. The SPP calculates a school’s performance on a 100 point scale.33

To determine how many schools were poor performing, we asked PDE for its criteria. PDE indicated that it has no established criteria/benchmarks in defining a poor performing school. However, the former Secretary of Education indicated upon the initial release of SPP scores that she considered 70 or better to be a passing score.34 Accordingly, by this Secretary’s definition, if 70 is passing, it stands to reason that a SPP score of below 70 (i.e., 69.9) defines a poor performing school.

Using the 2013-14 SPP scores, we grouped the schools into four SPP score categories: 90+, 89-80, 79-70, and below 70.35 We also separated the schools by Title I funding applicability.36 As discussed later, some of these schools receive additional targeted support from PDE. Our results are shown in the exhibit that follows:

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33 A perfect score is 100; however, a school can receive a score higher than 100 by earning “extra credit” for students that meet proficiency standards on advanced placement (AP) exams.

34 Patriot News, Inaugural Report Cards for PA Schools Don’t Make the Grade with District Officials, October 6, 2013. In discussing SPP scores, the former Secretary of Education made similar comments about academic performance scores to BOE on November 12, 2014.

35 Additionally, every Pennsylvania public school (to include charter and cyber charter schools) receives an SPP score; however, schools which are newly established and which lack reportable data do not have a reported score. A school needs to have at least 25 possible points to receive a score. Based on comparisons between SPP data and other federally required data, we determined that 97 percent of all public schools received an SPP in 2013-14.

36 Title I funds are federal dollars provided to schools that serve a higher proportion of students who are in poverty or who face other challenges. See also http://www2.ed.gov/programs/titleiparta/index.html
As shown in the above exhibit, of the 2,947 schools with 2013-14 SPP scores, 814 schools (more than 27 percent) have SPP scores below 70. Therefore, we concentrated our efforts on how PDE helps improve the academic performance of these 814 poor performing schools.
Rather than PDE being proactive in providing substantial assistance to improve the academic performance of ALL poor performing schools, PDE’s efforts have been the result of federal requirements and are limited to only certain Title I schools.

When asked how it assists with improving the academic performance of poor performing schools, PDE indicated that these schools are assisted in a number of ways, including indirectly through training and technical assistance offered to the schools’ parent school districts through the intermediate units (IUs), and the Pennsylvania Training and Technical Assistance Network (PaTTAN). Further, PDE noted that as part of the PDE’s online SPP web portal, PDE provides a “school supports” tab for each school. From this tab, PDE has consolidated menu options which provide web links to additional research on support strategies for school improvement.

However, these supports are available to all schools, and, as a result, are not really special assistance directed at schools with poor academic performance. Further, because many of these resources have been available for several years, we question the effectiveness of these tools, given that there were 814 poor performing schools based on 2013-14 SPP scores and 813 poor performing schools based on the 2012-13 SPP scores (which was the first year SPP scores were calculated).

More recently, the U.S. Department of Education’s approval of PDE’s “No Child Left Behind” Flexibility Waiver (waiver) in 2013 gave PDE more autonomy in how it met mandates to receive federal education funding. To this point, PDE noted the following:

The waiver allows Pennsylvania to use its own aligned system of accountability for schools. By implementing an aligned accountability system [i.e., SPP] through the flexibility of the waiver, Pennsylvania can identify schools in need of improvement and better utilize resources directed at improvement. The state can then provide
appropriate support and interventions to help schools meet expectations.37

However, PDE was only referring to schools that receive Title I funding. Yet, as noted on Exhibit - 3, there are 182 non-Title I poor performing schools that enroll approximately 105,000 students. Consequently, these 182 schools were not part of PDE’s focus and, as a result, no additional assistance was provided. In fact, PDE stated that it does not target support to non-Title I schools because there is no federal requirement to do so.

We disagree with PDE’s position on only targeting its support to those schools receiving Title I funding. Federal mandates should not be the only driving force to provide academic assistance to poor performing schools. PDE should utilize its resources to substantially assist the academic performance of all poor performing schools, not just those schools that the waiver mandates PDE must assist.

Further, beyond the distinctions between Title I schools and non-Title I schools, the waiver only requires PDE to target assistance to certain Title I-designated school categories. Exhibit - 4 below briefly describes each Title I category and identifies which of the 632 Title I poor performing schools, from Exhibit - 3, falls into each category.

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Exhibit - 4

SPP Federal Accountability Performance Categories

<table>
<thead>
<tr>
<th>Number of Title I Poor Performing Schools</th>
<th>SPP - Title I Performance Category</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Reward- High Achievement b/</td>
<td>· Highest five percent of Title I schools, and&lt;br&gt;· Meets all four annual measurable objectives (AMOs), and&lt;br&gt;· Not a priority or focus school</td>
</tr>
<tr>
<td>8</td>
<td>Reward- High Progress (2013-14 and beyond) b/</td>
<td>· Highest five percent of Title I schools on aggregate progress in closing achievement gap, and&lt;br&gt;· Meets all AMOs, and&lt;br&gt;· Not a reward- high achievement, focus, or priority school</td>
</tr>
<tr>
<td>160</td>
<td>Focus c/</td>
<td>· Lowest ten percent of Title I schools, or&lt;br&gt;· Title I school with graduation rate below 60 percent, or&lt;br&gt;· Test participation rate below 95 percent, and&lt;br&gt;· Not a priority school</td>
</tr>
<tr>
<td>81</td>
<td>Priority d/</td>
<td>· Lowest five percent of Title I schools, or&lt;br&gt;· Title I school receiving extra federal funds through a School Improvement Grant (SIG)</td>
</tr>
<tr>
<td>379</td>
<td>Non-designated</td>
<td>· Title I schools not meeting one of the above categories</td>
</tr>
</tbody>
</table>

Notes:

a/ As determined by 2013-14 SPP scores that were less than 70.
b/ Reward schools are generally better performing Title I schools; however, 12 schools did have SPPs less than 70. Reward schools are eligible for grant funding to document the achievement successes.
c/ Focus schools must implement school improvement strategies, which are targeted through the SPP.
d/ As discussed later, Priority schools must also implement school improvement strategies, but PDE assigns Academic Recovery Liaisons to assist school leadership in turn around.

Source: Developed by Department of the Auditor General staff from information provided by PDE.

Of the 632 Title I schools categorized in the above exhibit, 379 (60 percent) are listed as “non-designated.” These schools receive no additional attention from PDE because these schools are neither high performing nor poorest performing. Therefore, the 379 non-designated Title I schools, or more than 205,000 students who attend these schools, receive no additional assistance from PDE to improve these schools’ academic performance. When combined with the 182 non-Title I poor
performing schools, there are a total of 561 poor performing schools (more than 310,000 students) of the 814 (69 percent) that are not receiving additional assistance from PDE to improve their academic performance.

With regard to the poorest performing designated Title I schools, or “priority” schools, PDE provides support by way of Academic Recovery Liaisons (ARLs). We focused our efforts on evaluating PDE’s direct assistance to “priority” schools.

In 2014, as part of the waiver requirements, PDE began using ARLs to help link priority schools to the indirect PDE-offered supports available through the IUs and PaTTAN. ARLs also help to ensure that priority schools appropriately address interventions through each respective school’s comprehensive plan/school improvement plan. These interventions are to be aligned to each school’s weaknesses, which are identified through the school’s SPP score.

PDE, through the Bucks County Intermediate Unit (BCIU), hired 13 federally-funded ARLs plus a “Lead ARL”. The ARLs visit and assist schools and generate monthly reports that are consolidated by the Lead ARL who then submits status reports to PDE.

To determine whether ARLs were visiting and assisting schools and the results were being accurately reported to PDE, we obtained the monthly ARL reports and invoices for three months: May 2014, October 2014, and February 2015. We also reviewed all Lead ARL reports as presented to PDE. We found that most schools were visited each month and the monthly status reports submitted to PDE were consistent with the detailed ARL reports.

Because the ARL initiative is still in its early stages, we could not assess the initiative’s effectiveness. However, we did seek opinions from principals at 13 priority schools on the effectiveness of the ARL initiative and the supports provided by PDE. We received responses from 10 principals and more

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38 The contract with BCIU ran from February 27, 2014 through September 30, 2016. The contract may be extended for an additional year, October 1, 2016, through September 30, 2017. The existing contract with BCIU is for $2.9 million. ARLs are retired school professionals, who have at least 10 years of experience, and are assigned to “priority” schools regionally. They are paid on a flat fee plus expenses basis and are each assigned to approximately six schools.
than half indicated that the ARL initiative is generally well received by those principals.

Additionally, we evaluated how PDE’s “Priority School Leadership Team” (team) was monitoring/overseeing the progress of the ARL initiative. Although one of the team members regularly speaks with the Lead ARL to obtain a status and to collaborate on the latest school turnaround strategies, PDE informed us that the team meets on an ad hoc basis and no meeting minutes or work products exist.

However, formal monitoring is necessary. As the ARL initiative continues, PDE must determine its successes and failures. With this information, PDE can assess whether ARLs should be placed into other poor performing Title I or non-Title I schools. Formally documenting decisions along the way will assist this process.

**Going forward: Better academic improvement for ALL poor performing schools.**

As shown in this finding, PDE needs to do more to improve the academic performance of poor performing schools. The ARL initiative may be one way that PDE can assist poor performing schools. However, these benefits will not be realized in the short term. Issues related to school safety, community, and poverty are ongoing—and to a greater extent—are outside of PDE’s immediate control.

In evaluating what PDE can do to help the academic performance of poor performing schools, we recognize the significance of local control and the duties and responsibilities of the elected school board. PDE’s role has always been—and should remain as—one of support to the school districts. With this caveat in mind, there comes a time when new and innovative approaches and thinking are necessary. As PDE stated in describing its waiver, “truly effective school turnaround requires making controversial decisions that up end the status quo.”

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39 The Priority School Leadership Team consists of four senior PDE employees and the Lead ARL.
40 PDE, *Overview of Pennsylvania’s Approved No Child Left Behind Waiver*, page 3.
Department of Education

We think PDE needs to do more to help ALL poor performing schools. Potentially, PDE needs to reevaluate its organizational structure to ensure it is aligned as effectively as it can be to help poor performing schools as well as non-poor performing schools.

We believe there are three steps that can be taken to improve poor performing schools. We offer these suggestions as a means to a better pathway to help improve the academic performance of all schools.

**Step One.** Step one to improving the academic performance of poor performing schools must start at the Pennsylvania State Board of Education (BOE), and ensuring that policy is being driven in a uniform and consistent framework. This task begins with an updated master plan for basic education. As we reported in Finding One, BOE has failed to perform this role since 1999. As a result, policy makers lack the necessary framework from which to develop guiding education policy for the department. Further, within BOE, no task force or special committee has been created that specifically addresses the epidemic of poor performing schools. BOE should be at the forefront in this arena and should convene a broad range of stakeholders to deliberate on what can be done for Pennsylvania’s poorest performing schools.

In developing such a task force, BOE may want to look at other states for possible models. For example, in 2006, the state of Washington developed a proposed plan for improving its poorest performing schools. Using a project design team, consisting of education consultants, policy experts, and stakeholders, the Washington state board of education examined barriers to school improvement. From this examination, general consensus was formed around seven guiding principles for turning around “challenged” schools.41 While the recommendations that were developed focus on strategies to help the most challenged schools, the

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Department of Education

recommendations link with the state’s larger accountability system and assistance plans for all schools.\textsuperscript{42}

**Step Two.** Step two involves evaluating PDE’s current organizational structure. There continues to be no single contact office or person, who is directed to aid poor performing schools. Further, many of PDE’s primary responsibilities are outsourced to IUs, and, in turn, some responsibilities are subcontracted out to others. While contracting out certain initiatives may relieve PDE over administrative tasks, in so doing, PDE removes itself from being a “doer” and limits itself from being, at most, a high-level overseer/monitor as it is with the ARL initiative.

However, this outsourcing strategy may not be the best mechanism for success. For example, as we see with the ARL initiative, the monitoring team only meets on an ad hoc basis and no meeting minutes or work group products exist. Its membership changes as senior executives move in and out of the department. As a result, the success of this initiative may be left to the Lead ARL, a subcontractor of the IU. These dynamics are not well suited for ensuring uniformity and developing best practices.

Regarding state agency organizational structures, according to the National State Boards of Education:

> States need to consider how to create organizational structures to coordinate action across divisions within the state agency, increase coherence and alignment in leveraging expertise and resources, and build an infrastructure for developing and providing intervention and support customized to meet the local context.\textsuperscript{43}

Debatably, PDE meets this concept through its existing arrangements with IUs and PaTTAN. However, we note that these entities are not within the agency. Furthermore, with regard to poor performing schools, we argue that given the meager outcomes to date in improving school performance,

\textsuperscript{42} National Association of State Boards of Education, Policy Update, *State Strategies for Turning around Low-Performing Schools and Districts*, June 2009.

\textsuperscript{43} ibid.
new approaches are necessary. PDE needs to create an appropriate infrastructure within the agency that will better aid all schools, and especially poor performing schools.

**Step Three.** Step three can only happen after the first two steps have occurred. Once BOE has studied the issues of poor performing schools, identified goal outcomes, and formed consensus, and PDE has made the necessary organizational changes, it is then prepared to begin providing the customized support necessary to improve school performance.

To this end, we suggest that PDE provide the additional direct support necessary to help poor performing schools through partnerships with school districts, not takeovers. Accordingly, PDE must be viewed as a partner, one where school boards are willing to actively petition and seek assistance from PDE. To meet this objective, PDE needs to reinvent its brand and provide better direct outreach to school and district leadership. We recognize that such change will not occur overnight.

In revamping its approach, PDE should offer remedies to help cultivate the solutions promoted in step one. In providing these supports, PDE must also recognize that not every poor performing school is the same and not every solution will fit that school’s needs. For example, it has long been recognized that the needs of a high school are different from those of an elementary school. As the National Governors Association pointed out, high schools are more resistant to change than elementary schools because they serve older students and are typically larger and more complex.44 PDE needs to be able to customize solutions by type of poor performing school. To date, we have not seen this specific customization.

Further, while research has shown that poverty and English as a second language can significantly impact student learning and school performance, this is not true for every school.45 Some schools have improved despite these challenges, and PDE and BOE should do more to capture these lessons learned.

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To this point, PDE must align its support not just to schools that receive Title I funding, but to ALL schools.

Finally, in the future, we advocate for PDE to create a school improvement office to foster its partnership with school districts. We also note that it must be done in a way that ensures that the appropriate authority, capacity, and responsibility is present. As research has shown, a state school improvement office is not always a success, as oftentimes these offices are disconnected from the activities of the schools. As a result, the office ends up not having the capacity to support a large number of schools at once or alter the fundamental conditions under which they work.\textsuperscript{46} Accordingly, PDE must ensure that appropriate due diligence is made in creating the office to ensure its success. Step two should help ensure this process is complete.

The interplay of these three steps is outlined in the exhibit that follows:

\textsuperscript{46} Mass Insight Education, \textit{School Turnaround Strategies That Have Failed: How to avoid past mistakes in addressing the needs of low-performing schools}, March 2010.
Exhibit - 5

Suggested Steps to Improve School Performance

**Step One:**
Get a Plan
- BOE updates Master Plan for Basic Education.
- Forms taskforce to develop solutions to PA poor performing schools.
- Consensus developed on guiding principles.

**Step Two:**
PDE adapts
- PDE creates new internal infrastructure
- More emphasis on being a "doer" than an outsourcer.
- Aligns its mission with respect to poor performing schools on the principles identified by the taskforce.

**Step Three:**
New partnerships
- PDE directly partners with school districts where support is needed.
- Actively seeks implementation of strategies from step one to foster school improvement.
- PDE remains actively connected with each school's specific needs.

*Source: Developed by Department of the Auditor General staff.*
Department of Education

Recommendations

We recommend that PDE:

1. Make decisions regarding assisting poor performing schools not based on federal mandates or federal dollars.

2. If necessary, seek state funding to provide effective assistance to improve academic performance.

3. Proactively provide substantial assistance to improve the academic performance of all poor performing schools. This includes more direct support to schools.

4. Evaluate the effectiveness of the ARL initiative to determine whether PDE should expand this initiative to other poor performing schools, including non-Title I schools.

5. Document the discussions during the Priority School Leadership team meetings as well as decisions made and the ongoing successes and failures of the ARL initiative.


7. Evaluate its current organizational structure to better align itself to the needs of improving academic performance in Pennsylvania schools:
   a. Dedicate an office or bureau to assist schools in improving academic performance.
   b. Consider directly performing more primary responsibilities (become a doer) rather than outsourcer to the IUs.

8. After organizational restructuring, provide customized support to improve school performance by developing partnerships with school districts and their leadership.
9. Evaluate lessons learned from other educational agencies that have improved academic performance.

We recommend that BOE:

10. Develop a task force or committee to deliberate on what can be done to improve academic performance.

11. Once strategies/methodologies for improving academic performance have been developed, drive educational policy to ensure that these strategies are enacted.

Agencies’ Responses and Auditors’ Conclusions

BOE’s and PDE’s responses to this finding and its recommendations are located in the Agencies’ Responses and Auditors’ Conclusions section of the audit report.
Finding 3

PDE used ill-defined and non-substantive justifications to rehire annuitants and failed to monitor those annuitants resulting in noncompliance with the Commonwealth’s Retirement Code.

What are the issues?

1. Questionable justifications in hiring annuitants

PDE has relied on annuitants (retired employees) to meet its workload demands by using ill-defined and non-substantive emergency justifications to continue to hire the same annuitants for several years, thus, obscuring its true workforce needs. In some instances, annuitants were hired to fill critical administrative positions over a number of years, while in another case, PDE claimed it needed an annuitant as a courier so that the agency could operate “efficiently and effectively.”

2. Noncompliance with 95-day limit

PDE failed to monitor annuitants’ days worked to ensure compliance with the requirement that they not work more than 95 days in a calendar year. We found that for one of nine annuitants tested the 95 day limit was exceeded in two different years. PDE placed the onus for compliance with the requirement on the annuitant rather than itself.

Retired Commonwealth employees and public school employees who are accepting an annuity (pension) are officially classified as annuitants.47 While employees are prohibited from returning to state or school service after retirement, the applicable Retirement Codes48 do permit for a limited time period in which the employee may return to service. Section 5706 of the State Employees’ Retirement Code (Retirement Code) provides the following, in pertinent part:

(a.1) Return to State service during emergency.--When, in the judgment of

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47 Annuities are calculated using a formula based on the employee’s salary and years of service.  
the employer, an emergency creates an increase in the work load such that there is **serious impairment of service** to the public, an annuitant may be returned to **State service** for a period not to exceed **95 days** in any calendar year without loss of his annuity. In computing the number of days an annuitant has returned to State service, any amount of time less than one-half of a day shall be counted as one-half of a day. For agencies, boards and commissions under the Governor's jurisdiction, the approval of the Governor that an emergency exists shall be required before an annuitant may be returned to State service.⁴⁹

Regarding the issue of annuitant “emergency” reemployment, *Management Directive 515.20 Amended*, issued by the Governor’s Office of Administration⁵⁰ provides the following clarifications:

"Emergency" shall be interpreted within a narrow, literal context. It is not intended to allow the appointment of annuitants when circumstances clearly do not meet the test set forth in the *State Employees Retirement Code*⁵¹ or to allow the appointment of annuitants to circumvent complement levels and thereby artificially inflate payroll costs. **Critical vacancies resulting from retirements should be filled on a permanent basis as quickly as possible.**⁵²

⁴⁹ 71 Pa.C.S. § 5706 (a.1) (emphases added). Section 8346 (b) of the Public School Employees' Retirement Code, 24 Pa.C.S. § 8346 (b), similarly provides, in part: “(b) Return to school service during emergency. When, in the judgment of the employer, an emergency creates an increase in the work load such that there is serious impairment of service to the public or in the event of a shortage of appropriate subject certified teachers or other personnel, an annuitant may be returned to school service for a period not to extend beyond the school year during which the emergency or shortage occurs, without loss of his annuity. The annuitant shall not be entitled to earn any credited service, and no contributions may be made by the annuitant, the employer or the Commonwealth on account of such employment.” (Emphases added).

⁵⁰ Management directives provide explanation of policy and procedure and are generally issued by the Governor’s Office.

⁵¹ The directive contains this emphasis.

⁵² Section 5(b) of Management Directive 515.20 Amended (emphasis added). *Management Directive 515.20 Amended* was last updated on July 20, 2015, and is applicable to departments, boards, commissions, and councils (collectively, agencies) under the Governor’s jurisdiction. The prior version of the
During the July 1, 2010 through August 31, 2014 audit period, PDE “rehired” 38 annuitants, which cost PDE approximately $1.4 million. Annual wages for these annuitants ranged from $314 to $40,397. We reviewed PDE’s use of annuitants during the above audit period and our results are described below.

PDE’s justifications for hiring and/or continuing to hire the same annuitants for several consecutive years were problematic because reasons for the ongoing “emergencies” were ill-defined and lacks substantiation.

As clearly stated by Management Directive 515.20 Amended, “emergency” is defined within a “narrow, literal context”; consequently, PDE should have been filling its critical vacancies as quickly as possible and not repeatedly using annuitants to meet its complement needs. However, despite this clear guidance, this was not the case with PDE during the five years reviewed from 2010 through 2014, as depicted in the table that follows:

<table>
<thead>
<tr>
<th>Years Employed as an Annuitant</th>
<th>Number of Annuitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
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Management Directive 515.20 Amended, dated February 21, 2002, was in effect during the audit period; however, the amendments made to the update on July 20, 2015 are not considered significant within the context of this finding. Therefore, the most current language is quoted.

53 34 annuitants were receiving an annuity from the State Employees’ Retirement System (SERS); 3 were receiving an annuity from Public School Employees’ Retirement System (PSERS); and 1 annuitant was receiving an annuity from the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). Not included in this total were 20 annuitants who aided federal disaster relief efforts from Hurricanes Sandy and Lee. Approximately $44,000 was spent on these 20 annuitants.
Department of Education

PDE repeatedly hired the same annuitants over several consecutive years.

We found 37 percent (14 of 38) of PDE’s annuitant rehires had been continually reemployed for three or more years. We asked PDE why these 14 positions had not been filled permanently by non-annuitants. PDE explained that for nearly all of these positions, the individuals were placed into positions classified as temporary; consequently, the positions did not need to be filled permanently. PDE also claimed for most of these positions that either no other staff were available or the respective divisions were understaffed. While in certain cases these may be viable explanations in a given year, the fact that PDE is repeatedly using the same annuitants year after year for the same or similar critical work, but not permanently filling these vacancies, makes “emergency” status questionable.

For example, PDE hired the same annuitant as a higher education associate for five consecutive years. PDE’s justification in the first year was that no other staff were available to complete this critical work. PDE continued to use this same justification for the next four years. PDE explained that positions were eliminated in the respective bureau, but there continued to be much work that needed to be completed. PDE’s practice of utilizing the same annuitants year after year hardly constitutes an “emergency”, but instead it appears that PDE is using an annuitant to fill a staffing need over an extended period of time. This certainly is not a long term viable solution for meeting its critical staffing needs, nor does it meet the spirit of Management Directive 515.20 Amended.

PDE utilized annuitants to fill critical administrative positions over multiple years.

Over the five year period we reviewed, PDE used four different annuitants to fill critical administrative positions, such as directors, assistant directors, and special assistants. These four annuitants were used over multiple years rather than filling these critical vacancies on a permanent basis as quickly as possible in accordance with Management Directive 515.20 Amended.

For example, although PDE’s Director of Human Resources retired on February 8, 2013, PDE rehired this individual on
February 27, 2013, as an annuitant as the Director of Human Resources citing that there were no available eligible applicants to fulfill these responsibilities. She again was rehired in 2014 and, according to PDE, is still currently the Director of Human Resources as an annuitant. Given that a vacancy such as the Director of Human Resources meets the criteria of a “critical” vacancy, the position should be filled on a permanent basis as quickly as possible rather than by a repeated appointment of an annuitant. As a result, we disagree with PDE’s justification that this was in fact an “emergency” situation that warranted hiring an annuitant after the first year.

In another example, PDE hired an annuitant as a special assistant to the Secretary of Education for four consecutive years from 2011 through 2014. In yet another example, PDE hired an annuitant as an assistant director for two consecutive years in 2013 and 2014. In both of these cases, PDE eventually hired the annuitants back into permanent positions. The special assistant was hired into a permanent part-time special assistant position in 2015 and the assistant director was hired into a permanent full-time director position in 2014. In both situations, the annuitants were retired from the Public School Employees’ Retirement System and were hired into permanent positions within the State Employees’ Retirement System. While this situation is allowable, it further demonstrates PDE’s preference for hiring annuitants to fill its critical workforce needs in lieu of hiring permanent replacements.

**PDE’s claim of “emergency” condition was questionable.**

A questionable “emergency” was presented by PDE when it hired a retired management analyst to a clerk position in 2014. PDE cited as justification to the Governor’s Office that it needed the individual as a courier on an as-needed basis to fill gaps in staff due to absences. PDE’s justification for this annuitant rehire stated the following:

> Critical documents will not be delivered/picked-up in a timely fashion which could result in delays and unnecessary disruptions to the operations to the department. We must have the ability to offer these services to the department so that we can operate efficiently and effectively.
Department of Education

This annuitant worked a total of 15 hours in 2014. Considering the type of work and number of hours needed, this justification clearly does not appear to constitute an “emergency,” or a “serious impairment of service” to the public, and utilization of an annuitant for this purpose should not have been approved or even requested by PDE in the first place.

PDE’s lack of monitoring allowed an annuitant to work in excess of 95 calendar days.

In order to test PDE compliance with the 95 day limit, of the total 38 annuitants, we selected annuitants who worked over 700 hours in a given year. Based on this selection criteria, 14 calendar years were tested for a total of 9 annuitants. We found that one of the nine annuitants worked a total of 116.5 days and 106.5 days during 2012 and 2013, respectively, which exceeded the 95 day requirement by 21.5 and 11.5 days, respectively.

According to the Retirement Code and Management Directive 515.20 Amended, any amount of time less than one-half day shall be counted as one-half of a day; one-half and over shall be counted as a full day. The normal full day for the annuitant in question is 7.5 hours. Therefore, any days that this annuitant worked 3.75 hours or more should be counted as a full day towards the 95 day limit. PDE explained to us that:

[The annuitant] worked more than the allotted time due to [the annuitant] misreading of the letter approving [the] annuitant status from the State Retirement System. [The annuitant] read that 3.75 equated to a half day rather than a whole day. [The annuitant] feels quite badly over the error and [PDE] will be making sure the error is remediated.

Instead of blaming the annuitant for the error, PDE should take responsibility for its noncompliance. According to Management Directive 515.20 Amended, agency procedures should include monitoring the length of employment and days worked by the annuitant. Therefore, PDE needs to understand

54 SERS - 71 Pa.C.S. § 5706(a.1) and PSERS- 24 Pa.C.S. § 8346(b).
55 Section 4(d) of Management Directive 515.20 Amended.
56 Section 7(a)(3)(c) of Management Directive 515.20 Amended.
the employment restrictions of annuitants and should monitor to ensure the limits are not exceeded. PDE clearly failed to recognize or perform this monitoring.

Exceeding the 95 day limit could result in serious hardship for the annuitant, as Management Directive 515.20 Amended states that employment for longer than 95 workdays requires termination of annuity and Retired Employee Health Program coverage, repayment of annuity retroactive to date of reemployment, and retroactive contributions to the retirement system.57 Additionally, without adequate monitoring in place by PDE, there likely could be other similar situations in which annuitants work more than the 95 days allowed.

In the end, from our review of PDE’s use of annuitants, PDE is not operating within the confines of the Retirement Code and the guidance provided through the Governor’s Office. PDE has allowed annuitants to exceed the 95 day maximum allowable workdays for annuitants, and it has provided questionable justification of “emergency” status for its repeated rehiring of certain annuitants.

According to the State Government Workforce Statistics Report, from July 2010 to July 2014, PDE’s complement has fallen from 520 to 452 salaried positions, or a decrease of 13 percent.58 This reduction has obviously impacted PDE’s ability to meet its workload demands, as evidenced by its continual need to rehire certain annuitants. However, rehiring annuitants is intended solely for “emergency” purposes, not as a lasting solution to PDE’s chronic and persistent staffing shortages. As such, PDE must begin to address this staffing shortage and do so with a focus on succession planning. This forward looking approach will help enable PDE to meet its long term goals.

Finally, we caution that PDE must also exercise better discretion in its justification for hiring annuitants. PDE loses credibility to its very real staffing issues, when it makes claims that positions such as a mail courier are necessary on an “emergency” basis for it to continue to operate efficiently and effectively.

57 Ibid., Section 5(g).
58 Links to the respective State Government Workforce Statistics Reports can be found at http://www.hrm.oa.pa.gov/WORKFORCE/Pages/default.aspx
Department of Education

Recommendations

We recommend that PDE:

1. Permanently fill critical positions as quickly as possible.

2. Cross-train current staff, or new staff, to perform duties currently performed by annuitants.

3. Avoid hiring annuitants when a true “emergency” does not exist.

4. Review number of days worked for all annuitants hired from 2010 to present to determine the extent of any additional noncompliance with the 95 work day limitation and remediate accordingly.

5. Inform annuitants of the conditions of employment, including the 95 work day limitation and how the number of full days versus half days are calculated.

6. Monitor the number of days worked by annuitants on an ongoing basis to ensure the 95 work day limitation is not exceeded.

7. Develop a succession plan to address expected vacancies of critical positions.

Agency Response and Auditors’ Conclusions

PDE’s response to this finding and its recommendations are located in the Agencies’ Responses and Auditors’ Conclusions section of the audit report.
Finding 4

PDE failed to monitor special advisors and assistants, and PDE lacked written procedures to monitor professional service contracts.

What are the issues?

1. PDE failed to monitor its special advisors and assistants

PDE failed to monitor a special advisor and did not adequately document its monitoring of the performance of its special assistants. Therefore, we could not verify that PDE effectively monitored the performance of the special advisors and assistants in fulfilling their job duties and responsibilities.

2. PDE lacked written procedures to monitor professional service contracts

PDE contracted with 39 individuals for professional services. PDE could not provide adequate documentation to verify that a selection of these contractors had been monitored appropriately. Instead, PDE left it up to individual program personnel to monitor the contractors as they saw best. Without effective contract monitoring procedures, PDE cannot be assured that services are being properly performed in fulfilling the terms and conditions of the contracts.

PDE failed to monitor and document its monitoring of its special advisors/assistants.

During the period of July 1, 2010, through August 31, 2014, PDE employed four individuals as special advisors. Three of these individuals served in overlapping capacities as special advisors to the Deputy Secretary for the Office of Elementary and Secondary Education to assist in the review and analysis of initiatives, priorities, objectives, and mandated functions to ensure they meet the educational needs of K-12 students. One other individual served as the Special Advisor to the Governor on Higher Education. See details of this advisor’s duties in the following section.
Additionally, during this period, PDE’s complement for its executive office included five special assistant positions who reported directly to the Secretary of Education. The five special assistant positions were held by 11 different individuals. The duties of these special assistants varied, but generally involved assisting with special projects. Examples of special projects included strategic planning to help financially distressed schools, PA School Performance Profiles, issues surrounding charter and cyber schools, and oversight of American Recovery and Reinvestment Act funding.

We selected the Special Advisor to the Governor and six special assistants for further review to determine whether PDE effectively monitored their performance in fulfilling their job duties and responsibilities. Our results are noted in the subsequent sections below.

PDE failed to monitor its Special Advisor to the Governor on Higher Education

Prior to his appointment, the Special Advisor to the Governor on Higher Education (Advisor) served as the Commonwealth’s highest public official responsible for education matters – the Secretary of Education. In June 2013, the Governor reassigned the Secretary to this newly created Advisor position. This position received considerable media attention during the late summer of 2014 owing to allegations of ineffective monitoring of the employee’s whereabouts and the specific work product generated by the employee in exchange for a cabinet-level salary of nearly $140,000.

As a result of these concerns, we looked more closely at PDE’s monitoring of the Advisor’s job responsibilities. No job description existed for the Advisor position; consequently, it was difficult to pinpoint exactly what this individual’s responsibilities were to the Governor and to PDE.\(^\text{59}\) PDE stated that the Advisor’s duties involved the following:

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\(^{59}\) Certain media and other external accounts indicated that the stated objectives of the Special Advisor position was to be “responsible for overseeing, implementing and reviewing the recommendations made by the governor's Postsecondary Advisory Commission.” See http://articles.mcall.com/2013-05-15/. In February 2012, Governor Tom Corbett issued an executive order (No. 2012-01) creating the 31 member “Advisory Commission on Postsecondary Education,” the purpose of which was to “make recommendations related to the establishment and maintenance of a robust and responsive postsecondary education system.”
Department of Education

Advised the Governor and the Secretary of Education on higher education issues and initiatives to improve education in PA, to include Governor’s Schools, budget preparation, Science, Technology, Engineering, and Math competition, and testing in Community Colleges.

According to PDE, the Advisor served for a 14-month period of time beginning on June 1, 2013, through the effective date of his resignation on August 26, 2014. However, from June through October 2013, PDE accepted no responsibility for monitoring the whereabouts and activities performed by the Advisor, as noted by the following explanation provided by PDE:

It is the understanding of PDE that, until Oct. 2013, [the Advisor] was responsible to report directly to the Governor's Office, not to PDE. As an appointee of the Governor, [the Advisor] was not required to report to PDE until his responsibilities were adjusted in early October 2013. Consequently, PDE does not believe that it had any responsibility (until Oct. 2013) to know [the Advisor’s] specific responsibilities as an advisor to the Governor or to oversee any work that might have been assigned to him by the Governor's Office.

We disagree with PDE’s dismissal of its monitoring responsibility for the Advisor between June and October 2013. Since PDE funded the position and, according to PDE, the Advisor was to advise the Secretary of Education (in addition to the Governor), PDE should have been monitoring the Advisor’s activities and whereabouts. Appropriate and necessary monitoring and oversight did not occur at PDE.

Regardless of the confusion over who was responsible for monitoring the Advisor (i.e., the Governor or PDE), after October 2013, PDE acknowledged that it was responsible for monitoring the Advisor’s activities. Given that the Advisor reported to the Acting Secretary, it would be the Acting Secretary’s responsibility to monitor the Advisor. However, during our audit fieldwork, the Acting Secretary left Commonwealth service; therefore, we could not inquire about how the Acting Secretary monitored the Advisor’s performance. Instead, we attempted to verify what work product was generated by the Advisor to support PDE’s mission.

We reviewed detailed records used to authenticate an employee’s work day, including: parking records, computer logon records, email records, and electronic calendar/scheduling records. We concentrated our efforts on a three-month period: January through March 2014. We looked closely at this time period because it is a busy period for many executive agencies as they complete and finalize their budget presentations. More importantly, this timeframe was well after the period when PDE stated it was responsible for monitoring the Advisor’s work.

We reviewed parking records for the Advisor during January – March 2014, and found that of the 61 possible workdays, the Advisor entered the parking garage on 44 days, or 72 percent of the possible workdays.60 We also compared days worked per these parking records against computer logon records from the Office of Administration. Although these logon records were only available beginning in mid-February 2014, we found that on days when the Advisor used the parking garage, a user with the Advisor’s credentials was logged onto the Commonwealth’s computer network. These occurrences indicated to us that the Advisor was reporting to work and was engaged to perform his assigned duties for the Commonwealth.

Despite the fact that the Advisor appears to have been reporting to work and may have been performing assigned duties, based on email and calendar records for this three-month period, we

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60 We based these workdays on a typical Monday through Friday work schedule.
Department of Education

found just one email was sent by the Advisor, and one calendar entry was listed on the Advisor’s electronic calendar, an odd occurrence given that budget preparation meetings should have been numerous for a senior level advisor for which PDE stated this activity was a key duty.

Further, when we asked for specific documentation of work product generated in support of the Advisor’s duties, PDE only provided a draft “budget summary” that was allegedly completed by the Advisor for use by the then Acting Secretary. We compared this document to official testimony that PDE presented to the House Appropriations Committee on February 18, 2014. We also checked testimony from the Senate Appropriations Committee hearing held on February 26, 2014. We found no similarities between the purported Advisor’s draft “budget summary” and PDE’s testimony.

Based on our review, while it appears that the Advisor did report to PDE’s headquarters during January – March 2014, what exactly he did during the day could not be determined because of lack of documentation. Therefore, we could not verify that PDE effectively monitored the Advisor’s performance and duties, or that much work product or benefit was received in return for the high salary paid by taxpayer dollars.

PDE did not adequately document its monitoring of special assistants’ work activities

We found that special assistant positions had clearly delineated roles and responsibilities, including job descriptions. For the six special assistants we reviewed, PDE explained that monitoring of these special assistants occurred through meetings with the Secretary of Education approximately every two weeks. No performance evaluations were completed for these individuals. Additional monitoring occurred through the

61 Based on media accounts, PDE only “produced five emails written by [the Advisor] -- the first of which was dated Feb. 24, 2014, nine months after he landed the job. Two of the five emails involved registering for a conference. Two others dealt with an invitation for a department representative to serve on the governing board of an education and business initiative in India; and a fifth email involved a clarification the former secretary sought about the number of higher education institutions in Pennsylvania.” See http://www.post-gazette.com/frontpage/2014/07/27/
Commonwealth’s payroll system, which captured special assistants’ time worked and which was approved by the Secretary.

Three of the six special assistants we reviewed are still currently employed with PDE. For these special assistants, PDE was able to provide their electronic calendars. This information evidenced that meetings were scheduled with the Secretary, averaging from one meeting every three weeks to as many as two meetings per week. For the remaining three special assistants we selected, who are no longer employed by PDE, PDE could not provide electronic calendars.

No other evidence supporting monitoring of any of the six special assistants could be provided by PDE. Therefore, we could not verify that PDE effectively monitored the performance of its special assistants in fulfilling their job duties and responsibilities.

Best management practices includes documenting monitoring performed. Without adequate monitoring of special advisors’ and assistants’ performance, PDE cannot be assured that their job duties and responsibilities are being fulfilled, and in turn, whether PDE is receiving the expected benefits associated with the costs of these positions.

Further, we also note that PDE has had six different education secretaries during the period July 1, 2010 through July 1, 2015. Given this frequent turnover in leadership, PDE should be ensuring that adequate monitoring is documented so that successive secretaries have essential information about their subordinate advisors and assistants.

PDE lacked written procedures to monitor professional service contracts, which led to insufficient documentation to verify that it effectively monitored these contracts.

As part of our audits, we wanted to determine whether PDE effectively monitored contract performance for contracts with individuals for professional services. PDE contracted with a total of 39 individuals for professional services whose contract
effective dates began during the period July 1, 2010, through August 31, 2014. These contracts totaled approximately $2.7 million.62

Prudent business practices dictate that entities should design and implement written procedures for monitoring these contracts and should develop supervisory oversight to ensure the contracts are timely monitored and services are properly performed.

In response to our request for PDE’s written procedures for monitoring contractor performance, PDE stated that there are no written procedures to monitor professional services contracts. Instead, each contract is monitored by the specific bureau program personnel based upon what is appropriate given the contract’s terms and conditions and statement of work. As a result, we selected 5 of the 39 contractors and requested documentation to determine if the respective PDE program personnel effectively monitored their performance in fulfilling the terms and conditions of their contracts. The details of the five contractors selected ranged from a one-time service in the amount of $1,200 to multi-year consulting services totaling $445,693.

PDE provided general narrative descriptions of how it believed that program personnel monitored each of these five contractors. The narratives involved the contractors allegedly participating in phone calls, emails, or other meetings with PDE officials. For three of the five contractors, PDE also provided detailed invoices; however, for the remaining two contractors, no additional supporting documentation was provided. Further, while detailed invoices were provided for three contractors, we could not verify for two of the three contractors what, if any, review was conducted by PDE to ensure that the contractors’ performance was adequate and fulfilled the terms of their contracts. PDE lacked sufficient documentation to verify that effective monitoring procedures existed with respect to four of these five contractors.

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62 In compiling this list of professional service contracts, PDE included only individual contractors, excluding intermediate units, school districts, companies, firms, etc. Also, excluded from the list of individual professional services contractors are receivers and chief recovery officers appointed pursuant to the “School District Financial Recovery Act,” 24 P.S. § 6-601-A et seq., members of the Private Licensed School Board who are paid a per diem for attending board meetings, and peer monitors for the Bureaus of Special Education, Career and Technical Education, and Federal Programs who are reimbursed for travel and some small per diems.
Department of Education

While we recognize that flexibility is needed with contract monitoring procedures—as a $1,200 contract for a one-time service does not require the same level of monitoring as a $400,000 multi-year contract—the absence of documentation to verify that adequate monitoring was performed is a serious weakness that increases the risk that the contractor’s performance may be inadequate and not fulfilling the terms of the contract while still paying for these services. Going forward, PDE should establish procedures to ensure that effective contract monitoring can be verified for all professional services contracts.

Recommendations

We recommend that PDE:

1. Require written justification for the need of special advisor and special assistant positions with approval and oversight from an outside agency, such as the Office of Administration.

2. Require signed job descriptions for all positions, including special advisors and special assistants.

3. Monitor the ongoing activities of special advisors and special assistants to ensure the results are adequate and maintain such documentation to demonstrate monitoring occurred.

4. Develop formal policies and procedures for program personnel to monitor the performance of contractors providing professional services, including how to document the monitoring.

5. Monitor contractors’ performance in providing professional services and document this monitoring to ensure the terms and conditions of their contracts are fulfilled.

Agency Response and Auditors’ Conclusions

PDE’s response to this finding and its recommendations are located in the Agencies’ Responses and Auditors’ Conclusions section of the audit report.
Agencies’ Responses and Auditors’ Conclusions

We provided draft copies of our audit findings and recommendations to BOE and PDE for its review. On the pages that follow, we included those responses in their entirety. Following each agency’s response is our auditors’ conclusion.
Audit Response from the State Board of Education

Response of the State Board of Education to the Draft Performance Audit of the Pennsylvania Department of Education

The State Board of Education (Board) is in receipt of the draft performance audit of the Pennsylvania Department of Education (PDE) prepared by the Department of the Auditor General (DAG). The Board appreciates the opportunity to respond to the audit's findings and recommendations as they pertain to the Board. In this document, the Board responds to Finding 1 of the Performance Audit. Responses to each of the recommendations made in Finding 1 and those concerning the Board in Finding 2 are attached.

The format of the report presents findings, but does not provide context that would allow readers to understand the objectives of the audit as identified to the Board in a communication from the DAG on February 18, 2014. That letter stated that, pertaining to the Board, the audit sought to "determine how the State Board of Education (BOE) and PDE interact in terms of establishing and implementing education policy, rules, regulations, and procedures." A subsequent information request submitted by the DAG to the Board on March 18, 2014, defined the audit period as July 1, 2010, through June 30, 2013, yet the audit report speaks to a broader timeframe. The Board cannot speak to the motivations of the Board or the development of its agenda dating back 16 years as individuals who served in leadership roles on the Board at that time are no longer members of the Board.

The Board, which is doing the best that it can to meet all of its obligations with the resources available to it, recognizes that it does not have an updated Master Plan for Basic Education (Master Plan). The Board remains committed to meeting all of its obligations under the School Code and remediating the need for an updated Master Plan. Developing a Master Plan is a serious, time-consuming process that the Board believes should involve stakeholders and the public. Throughout the course of the audit, the Board provided staff of the DAG with information that demonstrates that the Board's scope of ongoing responsibility was expanded during the audit timeframe while the Board also received multiple short-term assignments from the General Assembly. At the same time that the Board received these new responsibilities, the Board also experienced an increase in the number of administrative applications that required the Board's attention.

The Board supplied the DAG with information showing that this increase in responsibility occurred at a time when the capacity of the Board diminished. The report asserts that failure to update the Master Plan was the result of the Board's "misguided leadership."
assertion seems to be a matter of opinion rather than a finding supported by objective evidence. While the Board recognizes that a timely update to the Master Plan is required by the School Code, the Board had to establish priorities for its agenda in order to carry out the new responsibilities placed with the Board in light of its reduced capacity. In doing so, the Board focused much of its recent efforts on executing the new responsibilities assigned to it, many of which came with pressing deadlines for completion.

New responsibilities added during the audit period included assignments from the General Assembly requiring the Board to promulgate new regulations governing the relationship between school districts and local law enforcement and new regulations establishing criteria related to the designation of financial recovery school districts; requests to complete a study on school library services and another study on the benefits and detriments of mandating dating violence education in public schools; the addition of a Standing Committee on College Textbook Policies that must meet quarterly and produce periodic reports; regulatory duties related to any future changes to the new forms for rating classroom teachers and other professional employees; and authority to issue regulations related to performance contracts for superintendents. More recently, the Board has been tasked with conducting a study on how public schools provide instruction in the areas of the holocaust, genocide and human rights violations, and the Board has also been granted expanded authority to promulgate regulations related to the Rural Regional College that is under development.

An initial communication from the DAG dated January 14, 2014, stated that the audit would “be conducted in accordance with generally accepted government auditing standards (GAGAS) as issued by the Comptroller General of the United States” and that using such standards would “provide a framework for our audit and ensure that we obtain reasonable assurance that the evidence gathered during the audit is sufficient and appropriate to support our findings and conclusions in relation to our audit objectives.” The Board finds it difficult to determine what standard was applied in preparing the draft report.

Section 6.37 of the GAGAS states that “auditors should identify criteria” and goes on to state: “Criteria provide a context for evaluating evidence and understanding the findings, conclusions, and recommendations included in the report. Auditors should use criteria that are relevant to the audit objectives and permit consistent assessment of the subject matter.” GAGAS, pages 143-144. The report does not identify the criteria used in its evaluation. Section 6.51 of the GAGAS also states that “auditors must prepare a written plan for each audit” and that such plans “may include an audit strategy, audit program, project plan, audit planning paper, or other appropriate documentation of key decisions about the audit objectives, scope, and methodology and the auditors’ basis for those decisions.” GAGAS, page 149. The report does not introduce the plan established for this review. Given these considerations, the document seems more akin to a Special Report and the Board suggests that it be reclassified as such.
Section 7.14 of the GAGAS further states that, "[i]n the audit report, auditors should present sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives." GAGAS page 166. In many places in Finding 1, the report reaches unsubstantiated conclusions which appear to lack any evidentiary basis. The report asserts that the lack of a single updated document "...has left the Commonwealth rudderless as it navigates an ever changing sea of both federal and state mandates" with the effect of "stunting" public policy development in education. However, the report provides no examples of impediments to policy development or any deficiencies that have been caused by the absence of an updated Master Plan. The report also cites no evidence from stakeholders that the lack of an updated Master Plan has led to any of the challenges facing the Commonwealth’s school districts.

Further, the report suggests that the Board takes a backseat to decisions made by other state policymakers. The Board believes that by focusing on only one item, and ignoring the breadth of the Board’s other responsibilities and accomplishments, the audit report does a disservice to the function and credibility of the Board. Take, for example, the matter of the Porter Township Independent School District, which was part of the Board’s agenda during the defined audit timeframe but is ignored in the report. In that case, the Board disagreed with the findings and recommendation of the Secretary and took action to reverse a decision made by the Secretary. This demonstrates that while the Board receives recommendations from the Secretary to inform its policymaking, the Board engages in its own deliberative process and does exercise independence to act contrary to the Secretary when, after drawing its own conclusions, the Board feels such action is warranted. The report also suggests that the Board has failed to play an effective leadership role in education policy development due to the absence of an updated Master Plan. However, the report does not provide objective evidence to support this assertion, nor does the report cite sources that demonstrate that the development of such plans by the Commonwealth or by other states leads to improvements in educational outcomes.

The Board appreciates the opportunity to respond to the draft audit report and hopes that, in maintaining the outreach it regularly makes to education stakeholders, it can continue to drive student-focused public policy to improve public education across the Commonwealth.

Sincerely,

Larry Wittig, CPA
Chairman, State Board of Education
Response to Recommendations (concerning the State Board of Education):

Finding 1:

1. Immediately convene its Council of Basic Education to begin updating the Master Plan for Basic Education for re-adoption.

The Board recognizes that it does not have an updated Master Plan for Basic Education and it is doing the best that it can to meet all of its obligations with the resources available to it. See 24 P.S. § 26-2603-B. The Board remains committed to meeting all of its obligations under the School Code and remedying the need for an updated Master Plan.

2. Establish a deadline for updating the Master Plan for Basic Education to ensure that the plan is completed in a timely manner.

The Board will evaluate a timeframe for completing an update to the Master Plan based upon its other pending obligations and the availability of resources to support an update to the plan. The Board recognizes that General Government Operating funds provided to the Department of Education, and that also support the work of the Board, have decreased over more than a decade making resources available to support this effort more limited.

3. Ensure that the updated Plan is a comprehensive document, which meets all statutory requirements as outlined in the Public School Code, is reflective of the Commonwealth’s current and expected future education environment of all communities, and establishes clear goals and responsibilities for improving basic education in the Commonwealth over the next five years.

The Board agrees that the Master Plan should be reflective of the requirements outlined in the School Code. The Board also recognizes that Pennsylvania enjoys a long history of local control of its school districts and recognizes the diversity that exists among the Commonwealth’s 500 school districts. The Board believes those matters warrant consideration in the development of a Master Plan.

4. Consult with experts at the National Association of State Boards of Education as part of updating the Master Plan as well as implementing the Plan to ensure that it incorporates the best practices of other state boards.

Information provided to staff of the Auditor General on the Board’s operating budget noted that Pennsylvania’s membership in the National Association of State Boards of Education (NASBE) was not renewed in fiscal year 2011-2012. NASBE membership also has not been renewed in subsequent years. Engaging NASBE in a consulting role would require the Board to seek resources to re-join NASBE as a member state.

5. Establish appropriate management controls to ensure that the Master Plan for Basic Education will meet the statutory requirement to be updated every five years.
The Board agrees with this recommendation.

Finding 2:

10. Develop a task force or committee to deliberate on what can be done to improve academic performance.

The Board already supports multiple Standing Committees that focus on improving academic performance as part of their core mission. Among these are the Board’s Academic Standards/Chapter 4 Committee, Special and Gifted Education Committee, and Teacher and School Leader Effectiveness Committee.

11. Once strategies/methodologies for improving academic performance have been developed, drive educational policy to ensure that these strategies are enacted.

The Board agrees with this recommendation and endeavors to drive student-focused education policy to improve academic performance in all of its decision-making.
Auditors’ Conclusion to BOE’s Response

The State Board of Education responded to findings one and two of our audit report. Overall, BOE agrees that it has not updated its Master Plan for Basic Education (Plan) and that it needs to do so. However, in our opinion, BOE’s response is contrary in nature—it takes issue with the finding itself, yet agrees with the recommendations presented in the audit report. Therefore, because BOE’s response is contradictory and our recommendations clearly flow from the deficiencies highlighted in the finding, it is difficult to comprehend BOE’s opinion.

BOE defends its lack of an updated Plan by citing new responsibilities placed upon it which were coupled with its own reduced capacity. BOE cites that, “the Board focused much of its recent efforts on executing the new responsibilities assigned to it, many of which came with pressing deadlines for completion.” Although we certainly acknowledge and respect BOE’s varied and important obligations, in our estimation, BOE’s response to our finding falls short.

As we thoroughly presented in the finding, the mandate for a Plan is required by the Public School Code. Moreover, like many of the new responsibilities that the BOE claims were assigned to it, the Plan too has a “pressing deadline” for completion—every five years. The fact that BOE chose to dismiss this specific requirement for 16 years further underscores finding one’s overarching point: BOE’s misdirected leadership. By BOE’s own admission, the task of developing a Plan “is a serious, time-consuming process.” We agree; however, the fact that the process is onerous, does not give BOE the discretion to ignore its clearly delineated statutory mandate.

BOE’s response goes on to make unsubstantiated claims about the audit process. In particular, BOE stated that it, “finds it difficult to determine what standard was applied in preparing the draft report.” In particular, BOE claims the following:

- The report does not identify criteria used in its evaluation;
- No audit plan was established for the basis of our review;
- The report is not an audit, but “akin to a special report;” and
- We failed to present sufficient, appropriate evidence to support our findings and conclusions.

BOE’s statements may be attributable to the fact that it reviewed draft findings and not a final audit report. To be clear, at all times in conducting and reporting our work we followed Government Auditing Standards.63 With respect to section 6.37, one needs to understand the full context of the standard, which states that, “Criteria represent the laws,

regulations, contracts, grant agreements, standards, specific requirements, measures,
expected performance, defined business practices, and benchmarks against which
performance is compared or evaluated.” The criteria presented in the finding is clear; it is
the Public School Code, which outlines that BOE is required to create and update its Plan
(i.e., the benchmarks against which performance is compared or evaluated).

With respect to BOE’s other statements, these assertions are incorrect. We did create an
audit plan for the audit, but auditing standards do not require us to share it with the
auditee; however, Appendix A - Objectives, Scope, and Methodology adequately explains
our procedures in accordance with Government Auditing Standards. Similarly, the notion
that we failed to present sufficient, appropriate evidence to support our findings and
conclusion is unfounded. As we stated in the finding and as BOE further confirmed in its
response—it acknowledged that it did not update its Plan for 16 years. By any measure,
the fact that BOE admits to its error is more than sufficient and appropriate evidence.

In closing, findings one and two remain as presented, and we encourage BOE to take the
necessary steps to develop and issue an effective and comprehensive appropriate Plan to
help guide the Commonwealth’s basic education policy for the next five years.
September 25, 2015

The Honorable Eugene A. DePasquale
Auditor General
Department of Auditor General
Room 229 Finance Building
Harrisburg, PA 17120

Dear Auditor General DePasquale:

Attached to this letter please find the response of the Pennsylvania Department of Education to the draft Performance Audit of the State Board of Education and the Pennsylvania Department of Education from the Office of the Auditor General. This response addresses the draft report as it relates to findings and recommendations addressed to the Department. We note that the State Board of Education is preparing a separate response to the draft report as the report relates to the State Board.

Thank you for the opportunity to comment on this draft report and for the courtesies extended by your staff to the staff of the Department during this audit. While this audit predates this current administration, I understand that our departments' staff teams have at all times worked cordially and professionally during the audit process.

As a whole, the Department agrees with the draft report's findings and recommendations and believes there is much discussion here that is worthy of further consideration by the multiple education stakeholders in the commonwealth. A common theme running throughout the report is a lack of adequate resources devoted to education in the commonwealth, including, notably, investment in the Pennsylvania Department of Education. It is my hope that this report will help demonstrate the pressing need for the commonwealth to properly invest in the educational resources of the Commonwealth, including the internal resources and capacity of the Department.

Corresponding with this deeply needed investment, this draft report notes a number of management shortfalls of the previous administration. I thank you for observing improvements...
that the Department can and must adopt to ensure the Department's continued effectiveness and accountability in serving the wide variety of education stakeholders in Pennsylvania.

Once again, thank you for the opportunity to comment on this draft report and for its clear prescription for further investment in education in the commonwealth.

Sincerely,

[Signature]

Pedro A. Rivera
Secretary of Education
Finding 1.

For 16 years, the Pennsylvania State Board of Education’s misdirected leadership has resulted in failure to update the Commonwealth’s Basic Education Master Plan.

This finding is addressed to the State Board of Education. As the draft report correctly notes, the School Code charges the State Board and not the Pennsylvania Department of Education (Department) with the responsibility to adopt a master plan for basic education every five years. 24 P.S. §26-2603-8. In the event that the Board decides to begin work on a new master plan, the Department would lend appropriate support.

Recommendations

We recommend that BOE:

1. Immediately convene its Council of Basic Education to begin updating the Master Plan for Basic Education for re-adoptions.

This finding is addressed to the State Board of Education.

2. Establish a deadline for updating the Master Plan for Basic Education to ensure that the plan is completed in a timely manner.

This finding is addressed to the State Board of Education.

3. Ensure that the updated Plan is a comprehensive document, which meets all statutory requirements as outlined in the Public School Code, is reflective of the Commonwealth’s current and expected future education environment of all communities, and establishes clear goals and responsibilities for improving basic education in the Commonwealth over the next five years.

This finding is addressed to the State Board of Education.

4. Consult with experts at the National Association of State Boards of Education as part of updating the Master Plan as well as implementing the Plan to ensure that it incorporates the best practices of other state boards.

This finding is addressed to the State Board of Education.

5. Establish appropriate management controls to ensure that the Master Plan for Basic Education will meet the statutory requirement to be updated every five years.

This finding is addressed to the State Board of Education.

We recommend that PDE:
6. Continue to support BOE with necessary resources to ensure that the Master Plan for Basic Education is updated in a timely, effective, and comprehensive manner.

The Department agrees with the recommendation. In the event that the Board decides to begin work on a new master plan, the Department would lend appropriate support and resources to the Board.

7. Ensure that it has sufficient internal capacity to help BOE with a successful Plan implementation.

The Department agrees with the recommendation. In the event the Board adopts a new master plan, the Department will work with stakeholders to ensure that the Department has adequate internal capacity to participate in the implementation of the plan.
Finding 2.
561 poor performing schools are receiving inadequate assistance from PDE. More than 310,000 students are at risk.

The Department agrees with the Auditor General’s assessment that the Department’s primary mission is to support and assist the public schools of the commonwealth. Likewise, the Department unequivocally agrees that more needs to be done for academically low-performing schools. However, it is important to note that the auditors began their review under the previous governor’s administration, which had very different priorities and expectations. Providing all children with a quality public education is the cornerstone of Governor Tom Wolf’s “Schools That Teach” strategy to prepare students for good jobs and to rebuild the middle class. Governor Wolf’s proposed 2015-2016 budget restores cuts to basic education and increases the state’s share of funding for public education to 50 percent for the first time in more than 40 years with a commitment to invest $2 billion in our Pre-K through 12th grade education pipeline over the next four years.¹

In the years covered by this audit, most Pennsylvania state agencies had limited resources. These limitations often prevented them from building capacity and expanding activity, even while their responsibilities continued to grow. This budget reality forced agency leadership to prioritize their duties in order to meet mandates and serve those in greatest need. At the Department, a priority was a focus on meeting the requirements of federal mandates so that the commonwealth would continue to receive federal funds. “Inadequate assistance” for poorly performing schools was largely a consequence of the lack of adequate state investment in this priority.

As the audit points out, in 2013 the Department received approval for its ESEA flexibility plan providing a waiver from the most stringent requirements of the federal No Child Left Behind Act. As a condition of this waiver, the Department was required to develop a strategy for addressing Pennsylvania’s lowest performing Title I schools, called priority and focus schools.² Certain federal funds were targeted to the support of priority and focus schools. The Department developed a system to provide hands-on technical assistance to these targeted schools through a cadre of highly skilled and experienced education professionals called Academic Recovery Liaisons (ARLs). ARLs visited and met regularly with the leadership of poor performing schools to help them develop and implement school improvement strategies.

By addressing priority and focus schools, the Department met its federal mandate and provided support to poorly performing schools and their students. If the Department had additional resources during the

²As you are aware, Title I is a federal grant program that provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families. In consideration of the limited resources available to the Department, we believe the draft audit report would be improved if the report explained the basic background of the Title I program and that by focusing on Title I schools consistent with federal mandates the Department targeted this group in need of support.
period covered by the audit, it could have expanded its supports and been able to provide hands-on assistance to additional schools.

In addition to the targeted technical assistance provided directly to poor performing schools by Academic Recovery Liaisons, the Department provided significant assistance to poorly performing schools through its Statewide System of Supports. Since 2012, Pennsylvania’s Intermediate Units (IUs) have provided support to all schools and districts through the Statewide System initiatives which include the web-based Standards-Aligned System; Educator Effectiveness; Data Informed, Comprehensive Planning and College and Career Readiness; and Focus and Priority Schools.

Moving forward, the Department and Governor Wolf are committed to finding new, comprehensive ways to assist academically low-performing schools. Using the federal focus and priority definitions as a starting point, the Department will continue to work to identify the population of schools that require targeted assistance, and to develop and implement initiatives to meet their specific challenges. There is currently no state revenue source dedicated to school improvement. Therefore, to help the growing number of schools that need assistance, additional funding will have to be identified to meet this need. In addition, since fiscal year 2002-03, the Department’s General Government Operating (GGO) complement has decreased by over 34 percent – 10 percent in the last three years alone. This reduction in complement has had a serious impact on the Department’s capacity to meet its ongoing responsibilities. In contrast to the last administration, the Wolf administration is committed to ensuring that the department is appropriately staffed.

Also, in alignment with Governor Wolf’s commitment to Schools that Teach, the Department is carefully considering the most appropriate manner in which to evaluate school performance. Work is underway to develop systems for assessing school performance that represent broad and comprehensive measures of school success at preparing Pennsylvania students to be college and career ready when they graduate from high school.

The Department and the governor are committed to listening to key stakeholders to improve and support the success of the commonwealth’s public education system. Before the Department can move forward with any new school improvement approach it must invite stakeholders to participate in discussion to build consensus. Collaboration with education stakeholders leads to better results and will also ensure better cooperation with school leadership. Such cooperation is imperative, given that the Department generally does not have the authority under the School Code to require schools to adopt school improvement strategies. Using this inclusive approach, the Department, to the extent of available resources, will continue to work to implement a strategic and systemic process for school improvement that accounts for numerous differences among the schools it serves, and measures incremental improvement as well as full recovery. Through these targeted efforts, the Department can help low-performing schools implement new strategies and systems that support student success and Governor Wolf’s goal of achieving equity, sustainability and accountability for all schools in the commonwealth.
Specific Recommendations

1. Make decisions regarding assisting poor performing schools not based on federal mandates or federal dollars.

We agree with this recommendation. While the Department must comply with all federal mandates in order to receive federal funding, we will continue to provide support and assistance to the extent of available resources. As previously indicated, the Department will continue to work to identify and provide support and technical assistance to low-performing schools.

2. If necessary, seek state funding to provide effective assistance to improve academic performance.

We agree with this recommendation. As indicated above, there is currently no dedicated state source of funding for school improvement. Therefore, additional funding will have to be identified to meet this need.

3. Proactively provide substantial assistance to improve the academic performance of all poor performing schools. This includes direct support to schools.

We agree with this recommendation. As indicated above, using the federal focus and priority definitions as a starting point, the Department will continue to work to identify and provide support and technical assistance to low performing schools. The Department will achieve this goal through an inclusive process that seeks feedback from stakeholders and results in a strategic and systematic approach to school improvement.

In addition, the Department will continue to meet federal mandates by providing assistance to focus and priority schools. In 2015-16, and to the extent of available funds, the Department intends to provide more support to focus schools through the appointment of a State School Improvement Director. The individual in this position will work in collaboration with the Lead Academic Recovery Liaison and intermediate units to offer direct support to focus schools with the lowest levels of school performance. In addition, the State School Improvement Director will provide direct professional development and best practices to the Academic Recovery Liaisons to share with schools in need of technical assistance and support.

4. Evaluate the effectiveness of the ARL initiative to determine whether PDE should expand this initiatives to other poor performing schools, including non-Title I schools.

We agree with this recommendation. As the audit points out, in the world of school improvement, one-size does not fit all and full recovery takes significant time. Community and social factors can have a significant impact on school and student success. In addition, progress can be incremental and difficult to measure. For example, the audit indicated that there was no improvement in the group it deemed “poor performing schools,” between the 2012-13 and 2013-14 school years. This conclusion was reached
because there were 814 schools with an SPP score lower than 70 in 2012-13 and 813 with an SPP score lower than 70 in 2013-14. However, this comparison does not account for the fact that some schools may have improved during that period, but not enough to receive an SPP score above 70.

The Department must do an intensive and comprehensive data analysis to get a complete picture of the effectiveness of any school improvement strategy, including the ARL program. Over the course of 2015-16, the ARLs will track a series of lagging indicators at the schools they support, including attendance rates, graduation rates, test participation rates, and achievement in English/language arts, math and science. Similar data will also be collected for all focus schools in 2015-16. Using this information, the Department will be able to continuously monitor the progress of the schools in the focus and priority categories with a broader and more comprehensive set of measures. In addition, this data will form the basis for a detailed analysis of the effectiveness of the ARL initiative. As noted above, the Department is reviewing its measurement of school performance to be much more holistic and comprehensive than just a measure of test scores.

5. Document the discussions during the Priority School Leadership team meetings as well as decisions made and the ongoing successes and failures of the ARL initiative.

We agree with this recommendation. The Department acknowledges the importance of maintaining a record of the Priority School Leadership team meetings and will adopt a policy requiring participants to keep minutes of their discussions. The Department’s Executive Deputy Secretary and two staff from the Office of Elementary and Secondary Education have participated regularly in these meetings and will continue to participate to ensure that the initiative maintains continuity.


We agree with this recommendation. As indicated above, using the federal focus and priority definitions as a starting point, the Department will continue to work to identify and provide support and technical assistance to low performing schools. As noted above, the Department is reviewing its measures of school performance to be more holistic and comprehensive than just a measure of test scores. The Department will achieve this goal through an inclusive process that seeks feedback from stakeholders and results in a strategic and systematic approach to school improvement.

7. Evaluate its current organizational structure to better align itself to the needs of improving academic performance in Pennsylvania schools.

We agree with this recommendation. As indicated above, the Department and Governor Wolf are committed to finding new comprehensive ways to assist academically low-performing schools. The Department will achieve this goal through an inclusive process that seeks feedback from stakeholders and results in a strategic and systematic approach to school improvement. The development of this approach will also require the Department to assess its resources and the best way to deploy them.
a. Dedicate an office or bureau to assist schools in improving academic performance:

We agree with this recommendation. As indicated above, in developing a strategic and systematic approach to school improvement, the Department will assess its resources and the best way to deploy them. As described above, in 2015-16, and to the extent of available funds, the Department intends to provide more support to low performing schools through the appointment of a State School Improvement Director.

b. Consider directly performing more primary responsibilities (become a doer) rather than outsourcer to the IUs.

As indicated above, there is currently no dedicated state revenue source for school improvement. Therefore, to help the growing number of schools that need assistance, additional funding will have to be identified to meet this need. To develop a comprehensive and systematic school improvement approach, the Department will conduct a thorough assessment of its resources and the best way to deploy them. In the past, the Department has used intermediate unit staff to assist with school improvement initiatives because it lacked the necessary internal complement. As indicated above, since fiscal year 2002-03, the Department’s General Government Operating (GGO) complement has decreased by over 34 percent – 10 percent in the last three years alone. In addition, intermediate units are spread throughout the Commonwealth. Therefore, it can be more efficient and more cost-effective to send individuals from these locations to do work at specific school districts throughout the state, rather than sending Department staff from Harrisburg. Moreover, to be successful, the staff involved in school improvement initiatives must have a substantial depth and breadth of practical experience in public education. Intermediate units often have staff that meet these qualifications.

8. After organizational restructuring, provide customized support to improve school performance by developing partnerships with school districts and their leadership.

We agree with this recommendation. As indicated above, before the Department can move forward with any new school improvement approach it must bring stakeholders together for discussion and collaboration. This tactic will not only lead to a better product, but it will also ensure close cooperation with school leadership. Such cooperation is imperative, given the Department generally does not have the authority under the School Code to force schools to follow school improvement standards.

9. Evaluate lessons learned from other educational agencies that have improved academic performance.

We agree with this recommendation. The Department regularly reviews best practices and research from a variety of sources.

Finding 3.
POE used ill-defined and non-substantive justifications to rehire annuitants and failed to monitor those annuitants resulting in noncompliance with the Commonwealth's Retirement Code.

The Department agrees that it needs to improve its process for employing annuitants and for monitoring the days worked of annuitants.

As the draft report appropriately notes, in previous administrations the Department’s use of annuitants was largely driven by chronic and persistent staffing shortages, brought on by years of pressure on the Department’s budget. Like many other State and local agencies, the Department has been forced to do more with less. For example, the Department reduced its General Government Operations (GGO) funded positions significantly over the last five years. In Fiscal Year 2010/2011 the Department’s GGO complement was 292; in 2014/15 the Department was reduced to 220 GGO positions and 29 recurring vacancies. The use of annuitants has allowed PDE to utilize the skills of former employees and in many cases alleviated potentially serious impairment of services. Such use may be necessary in the future to alleviate serious impairment of services. We also agree that the use of annuitants should not be seen as a lasting solution to chronic staffing shortages. To that end, the Department intends to adopt the recommendations made in this finding and will work with the Governor’s Budget Office to ensure adequate funding for in-house personnel. As previously stated, the Wolf administration is committed to ensuring that the department is appropriately staffed.

Among the steps the Department intends to take, the Department will seek to fill critical vacancies as quickly as possible and will seek to revamp our succession planning efforts. The Department has also, for the first time in many years, sought additional funding in its proposed 2015/2016 Budget for additional positions to meet critical staffing needs.

Recommendations

We recommend that PDE:

1. Permanently fill critical positions as quickly as possible.

   We agree with this recommendation. The Department has been seeking to fill current vacancies and is seeking the addition of new positions to perform critical work.

2. Cross-train current staff, or new staff, to perform duties currently performed by annuitants.

   We agree with this recommendation and will seek out more opportunities to cross-train staff where personnel resources are sufficient.

3. Avoid hiring annuitants when a true “emergency” does not exist.

   We agree with this recommendation. Consistent with the dictates of Management Directive 515.20 Amended, the Department intends to take a critical look at any proposed future annuitant to ensure that a true “emergency” exists within the meaning of the Retirement Code.
4. Review number of days worked for all annuitants hired from 2010 to present to determine the extent of any additional noncompliance with the 95 work day limitation and remediate accordingly.

We agree with this recommendation. Accordingly, we are reviewing annuitant’s days’ worked from 2010 to present and will remediate where any noncompliance is determined.

5. Inform annuitants of the conditions of employment, including the 95 work day limitation and how the number of full days versus half days are calculated.

We agree with this recommendation. Each annuitant currently receives a letter indicating the number of days permitted to work in a calendar year and that explains the calculation for a full day versus a half day from Human Resources and SEERS. In addition to this letter, our HR staff will convene a conference with each annuitant prior to commencement of work to acknowledge receipt, to review the contents of this letter as well as to address any questions.

6. Monitor the number of days worked by annuitants on an ongoing basis to ensure the 95 work day limitation is not exceeded.

We agree with this recommendation. PDE HR staff will actively monitor the days worked each year for annuitants to ensure that the 95 work day limitation is not exceeded. The HR staff will also maintain an “early warning” system to notify those annuitants that worked 50 days or greater of the total days each had worked in compliance with Management Directive 515.20. Additionally, the annuitant’s immediate supervisor and the appropriate bureau director will be notified when the 50 day threshold is reached. The Department is also exploring other potential internal controls and is currently working with the Governor’s Office of Administration to review our timekeeping system to ensure that noncompliance does not occur in the future.

7. Develop a succession plan to address expected vacancies of critical positions.

We agree with this recommendation and will seek to revisit the Department’s past practice of developing a formal Workforce Succession Plan. In the past the Department’s Workforce Succession Plan was one of the top models in the Commonwealth and used as a guide by the Office of Administration for other agencies. However, revision of this plan was abandoned several years ago due to personnel cuts. We think that having such a plan makes sense, and will be particularly important in determining future staffing needs. A key focus of such a plan should be looking at single points of failure. In addition, we note that the current leadership of this Department has put in place a pilot program for succession planning which it hopes to expand given successful implementation and additional personnel.

Finding 4.

PDE failed to monitor special advisers and assistants, and PDE lacked written procedures to monitor professional service contracts.
We agree that the Department's previous administration did not adequately document its monitoring of the Special Advisor to the Governor on Higher Education. We also agree that the Department must improve its documented monitoring of special assistants. We also agree that the Department must implement written procedures to monitor professional service contracts. Secretary Rivera and the Wolf administration are committed to moving the department forward and ensuring proper monitoring processes are in place.

Recommendations

We recommend that PDE:

1. Require written justification for the need of special advisor and special assistant positions with approval and oversight from an outside agency, such as the Office of Administration.

We agree with this recommendation. The Department is required to obtain OA approval for Special Advisor positions. The Department forwards Special Assistant position descriptions to the Civil Service Commission for their records and the incumbents for the Special Assistant jobs are approved by the Office of Administration through the electronic senior level approval process. The Department intends to engage with the Office of Administration as well as other agencies to determine what additional oversight is required.

2. Require signed job descriptions for all positions, including special advisors and special assistants.

We agree with this recommendation. We note that in the past, with the exception of the position created by the prior administration to be the Governor's Special Advisor for Higher Education, job descriptions for Special Assistants to the Secretary of Education were always prepared. The current leadership of the Department is committed to ensure that there are no exceptions to this requirement for a written job description for every such position.

3. Monitor the ongoing activities of special advisors and special assistants to ensure the results are adequate and maintain such documentation to demonstrate monitoring occurred.

We agree with this recommendation. The Department is working to ensure that the supervision of such employees occurs and is documented in accordance with applicable policy and best practice. Among other things, the Department is working to ensure that evaluations are completed annually for such employees to validate that performance meets expectations and that documentation is recorded and filed. The Department is also actively considering the adoption of additional policies to require senior employees to periodically document reporting to supervisors by means of time, performance or status reports.

4. Develop formal policies and procedures for program personnel to monitor the performance of contractors providing professional services, including how to document the monitoring.
We agree with this recommendation. The Department is currently drafting a written policy concerning the monitoring of professional service contracts, including provisions as to how the monitoring will be documented.

5. Monitor contractors' performance in providing professional services and document this monitoring to ensure the terms and conditions of their contracts are fulfilled.

We agree with this recommendation and believe that implementation of your recommendation that the Department have a written policy for such monitoring will enhance these efforts.
Auditors’ Conclusion to PDE’s Response

PDE reviewed all four audit findings. PDE agreed with our findings and recommendations citing, “As a whole, the Department agrees with the draft report’s findings and recommendations and believes there is much discussion here that is worthy of further consideration by the multiple education stakeholders in the commonwealth.” Owing to PDE’s concurrence with the findings and recommendations, we offer little by way of rebuttal.

We are encouraged by PDE’s response and its willingness to improve. Our recommendations are intended to correct deficiencies found in government operations and suggest performance improvements. While additional funding would benefit the Department, it is not the only answer, and PDE must continue to find ways to improve itself in the event that such funding fails to materialize.
Objectives, Scope, and Methodology

The Department of the Auditor General conducted these special performance audits in order to provide an independent assessment of the Department of Education and its interaction with the State Board of Education.

We conducted these audits in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

Our audit objectives initially were as follows:

1. Determining the interaction of the State Board of Education and PDE in establishing and implementing education policy, rules, regulations, and procedures.

2. Determining what PDE does to help improve the academic performance of elementary and secondary schools that have been identified by PDE as poor performers.

During our initial audit, PDE received considerable media attention and subsequent criticism for its decision to employ a senior level special advisor. In the fall of 2014, we sought to expand our audit objectives to include this latter issue. At that time, PDE refuted our audit expansion, claiming that only a new audit could be initiated. Ultimately, and in a spirit of cooperation, we agreed to initiate a second audit, which addressed PDE’s use of special advisors, assistants, annuitants, and contracts for professional services. The objective of this audit was as follows:

3. Determine the extent to which PDE has: (a) employed special advisors, assistants, and/or annuitants and
Department of Education

effectively monitored the performance of these employees in fulfilling their job duties and responsibilities, and (b) contracted with individuals for professional services (including, but not limited to, independent contractors and consultants) and effectively monitored their performance in fulfilling the terms and conditions of their contracts.

In accordance with *Government Auditing Standards*, we communicated this additional objective to PDE on September 16, 2014. Both audits ran concurrently, so the results of this second audit are contained herein.

Scope

For all objectives our audit period was July 1, 2010, through August 1, 2015, unless otherwise noted.

PDE/BOE management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance that its department is in compliance with applicable laws, regulations, contracts, grant agreements, and administrative policies and procedures.

In conducting our audits, we obtained an understanding of relevant internal controls, including any information system controls, as they relate to those requirements and that we considered to be significant within the context of our audit objectives. See also the discussion that follows on *Data Reliability*.

For those internal controls that we determined to be significant within the context of our audit objectives, we also assessed the effectiveness of the design and implementation of those controls as discussed in the *Methodology* section that follows. Any deficiencies in internal controls that were identified during the conduct of our audits—and determined to be significant within the context of our audit objectives—are included in this report.
Data Reliability

In developing our audit findings, we relied on information (data) provided by the Department of Education. Where necessary, we verified the information with other corroborating evidence, or conducted follow-up inquiries with PDE program staff. We believe the information to be accurate at the time it was presented to us.

With respect to our second objective, we used information from PDE’s school performance profile website located at http://paschoolperformance.org/. Our audit objective did not include an assessment of PDE’s methodology in calculating or reporting SPP scores. As such, we did not conduct any detailed testing of the methodology used in calculating these scores, or how PDE reports the data on its SPP website. However, we did perform some limited testing of the data to ensure that it was complete for our purposes. We found the data to be complete.

While we believe the data is complete, we caution that changes in PDE’s data may have occurred between the time we conducted our audit procedures and when PDE published revised data on its SPP website. As such, any statistics presented in our findings are based on the best data available to us at the time of our audit procedures.

Methodology

To address our audit objectives, we performed the following:

- Obtained and reviewed BOE publications, including annual reports, studies, and strategic planning documents submitted to PDE, the General Assembly, and other state agencies during the audit period.

- Obtained and reviewed BOE’s 1999 Master Plan for Basic Education to determine its current applicability and completeness.

- Interviewed BOE staff, including legal counsel, and the Chairpersons of the Board and the Council of Basic
Department of Education

Education to gain and understanding of the role and responsibilities of the board/council.

- Obtained and reviewed BOE bylaws to gain an understanding of the policies and procedures of BOE.

- Reviewed the legislative history of the BOE, including Section 2603-B of the Public School Code, regarding powers and duties of the board.\(^{64}\)

- Attended BOE meetings in November 2014 and January 2015 and reviewed all board meeting minutes beginning July 1, 2010, through June 30, 2013, to determine board member attendance, as well as the level of discussion and information provided during meetings.

- Interviewed the Executive Director of the National Association of State Boards of Education (NASBE) to identify trends and current policy issues of other state boards of education.

- Obtained and reviewed federal No Child Left Behind (NCLB) legislation and PDE’s NCLB waiver to gain an understanding of state and federal school accountability designations.

- Interviewed PDE officials, including executive level agency representatives, to gain an understanding of how poor performing schools are designated and what, if any, unique resources are provided by PDE.

- Interviewed staff within PDE’s Division of Federal Programs to understand PDE’s Title I monitoring requirements.

- Interviewed members of PDE’s Priority Schools Leadership Team to understand how the team interacts with poor performing schools.

\(^{64}\) 24 P.S. § 26-2603-B.
Department of Education

- Obtained and reviewed PDE contracts with the Capital Area Intermediate Unit and the Delaware County Intermediate Unit to understand how these entities are involved in school improvement planning and comprehensive planning.

- Interviewed Capital Area Intermediate Unit staff and Bucks County Intermediate Unit staff to gain an understanding of how they assist PDE with school improvement activities.

- Obtained PDE’s 2012-13 and 2013-14 School Performance Profile data files. Conducted limited logical tests of the data to ensure that it was valid and complete for our audit purposes.

- Reviewed 2013-14 SPP data for 2,947 schools to determine how many schools received scores of 90 or better, 89-80, 79-70, and less than 70.

- Determined which schools received (and did not receive) Title I funding assistance in 2013-14. For those schools that did not receive assistance, determined whether PDE provide any specialized direct support.

- For those schools that received Title I assistance, reviewed 2013-14 SPP scores for federally-designated schools (e.g., reward, focus, no designation, and priority) and determined what supports those schools received from PDE.

- For three months (May 2014, October 2014, and February 2015), obtained and reviewed 228 Academic Recovery Liaison (ARL) monthly reports and supporting invoices to determine whether priority schools were visited regularly by the assigned ARL, and whether monthly reports were submitted in a timely manner.

- Obtained and reviewed 12 Lead ARL monthly reports to determine how ARL field observations were communicated to PDE.

- Distributed a survey to 13 priority school principals, representing various geographic areas and each ARL, to
gain insight on the effectiveness of ARLs. Obtained and reviewed responses from 10 of the 13 principals.

- Obtained and reviewed the Retirement Codes\textsuperscript{65} and the Office of Administration’s Management Directive 515.20, \textit{Amended}, addressing the requirements of emergency employment for annuitant employees.

- For the period, July 1, 2010, through August 31, 2014, obtained and reviewed a listing of all retired state employees (38 annuitants) working for PDE.

- Reviewed selected payroll records for nine of 38 total annuitants to determine the number of days annuitants actually worked.

- Reviewed PDE’s justification provided to the Office of Administration for the hiring of 38 annuitants.

- Interviewed officials from the Public School Employees’ Retirement System (PSERS) and the State Employees’ Retirement System (SERS) to verify annuitant employment records.

- Obtained and verified a listing of all individual contractors for professional services (39) used by PDE during the period July 1, 2010, through August 31, 2014. Reviewed five professional contractors to determine evidence of monitoring and statement of work. The five contractors that were selected represented varying ranges of services from smaller one-time professional services to multi-year professional services.

- Obtained and verified a listing of all PDE special advisors and special assistants (15) employed by PDE during the period July 1, 2010, through August 31, 2014. Reviewed a selection of six special assistants (three current and three former) and one special advisor to identify evidence of monitoring.

\textsuperscript{65} The State Employees’ Retirement Code and the Public School Employees’ Retirement Code.
Department of Education

- Reviewed evidence of work product for a PDE special advisor.
Note: The Board of Education is comprised of two councils—the Council of Basic Education and the Council of Higher Education. Student members are non-voting members.

### State Board of Education Leadership

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Mr. Larry Wittig, Board Chair</td>
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<tr>
<td>Chief Executive Officer</td>
<td>Pedro A. Rivera, Chief Executive Officer</td>
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### Council of Basic Education

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Chair</td>
<td>Dr. James E. Barker, Council Chair</td>
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<td></td>
<td>Mr. James Grandon, Council Chair</td>
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<tr>
<td></td>
<td>Honorable Carol Aichele</td>
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<td>Dr. Jay Badams</td>
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<td>Mr. Kirk Hallett</td>
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<td>Honorable Maureen Lally-Green</td>
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<td></td>
<td>Ms. Mollie O’Connell Phillips</td>
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<td></td>
<td>Ms. Colleen Sheehan</td>
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<td></td>
<td>Ms. Karen Farmer Sheehan</td>
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<tr>
<td></td>
<td>Rep. James Roebuck, Jr. House Education Committee</td>
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<td></td>
<td>Sen. Lloyd Smucker Senate Education Committee</td>
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<tr>
<td></td>
<td>Mr. Donald LeCompte Senior Student Representative</td>
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<td></td>
<td>Ms. Joshita Varshney Junior Student Representative</td>
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### Council of Higher Education

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<th>Role</th>
<th>Name</th>
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</thead>
<tbody>
<tr>
<td>Chair</td>
<td>Dr. Nicole Camicella</td>
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<tr>
<td></td>
<td>Ms. Sandra Dungee Glenn</td>
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<td></td>
<td>Mr. James Agran</td>
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<td>Dr. A. Lee Williams</td>
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<td>Mr. Jonathan Peri</td>
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<td>Mr. Craig Snider</td>
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<td>Rep. Stan Saylor House Education Committee</td>
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<td>Sen. Andrew Dinniman Senate Education Committee</td>
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<tr>
<td></td>
<td>Ms. Teresa Lebo Senior Student Representative</td>
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<tr>
<td></td>
<td>vacant</td>
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</tbody>
</table>
Office of Elementary/Secondary Education. The office is primarily responsible for the statewide development, administration and improvement of public and non-public schools that serve students in kindergarten through 12th grade. This office also addresses vocational education, career and technical education, special education, community and student support services and school services.

Office of Administration. This office assists the Secretary in the oversight and management of all PDE staff – managerial and administrative. Responsibilities include budget, fiscal management, school subsidies, personnel, technical support services, procurement, and grants management.

Office of Commonwealth Libraries. This office is charged with coordinating library services and systems statewide, providing leadership in developing and advancing libraries of all types to meet the information, education and enrichment needs of its residents. In addition, the office operates a major research library.

Office of Postsecondary/Higher Education. The office participates in long-range planning for higher education in Pennsylvania; consults with the State Board of Education on the development of regulations for postsecondary and higher education programs; oversees certification of teachers; coordinates the approval of academic programs; coordinates approval of institutions to process veterans benefits; and provides direction and coordination for adult basic and literacy education.

Office of Child Development and Early Learning. This is a joint office of the Departments of Education and Human Services which provides early childhood services to families with children from birth to age five through school-age. Initiatives of the office include providing access and support to low-income families in need of low-cost child care; enforcing and regulating minimum health and safety standards for child care programs; and implementing standards for early learning programs and professionals to improve quality of early learning.

Source: Governor’s Executive Budget, Fiscal Year 2015-16, page E17-2.
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State Board of Education

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