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June 21, 2019

The Honorable Rick Gray, Chair
Joint Legislative Audit Committee

The Honorable Anthony Kern, Vice Chair
Joint Legislative Audit Committee

Dear Senator Gray and Representative Kern:

Our Office has recently completed a 36-month followup of the Performance Audit of the Arizona Department of Education—K-3 Reading Program regarding the implementation status of the 25 audit recommendations (including sub-parts of the recommendations) presented in the performance audit report released in March 2016 (Auditor General Report No. 16-101). As the attached grid indicates:

- 14 have been implemented.
- 1 has been implemented in a different manner.
- 3 legislative recommendations have been implemented.
- 5 have not been implemented.
- 1 is not yet applicable.
- 1 is no longer applicable.

Unless otherwise directed by the Joint Legislative Audit Committee, this concludes our follow-up work on the Department's efforts to implement the recommendations from the March 2016 performance audit report.

Sincerely,
Dale Chapman, Director
Performance Audit Division

cc: The Honorable Kathy Hoffman, State Superintendent of Public Instruction
Arizona Department of Education

A Performance Audit of the Arizona Department of Education—K-3 Reading Program Auditor General Report No. 16-101 36-Month Follow-Up Report

Recommendation

Status/Additional Explanation

Finding 1: K-3 reading program oversight and administration should be improved

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|-------|---|---------------------------------|
| 1.1 | To help strengthen its program administration and oversight, the Department should develop and implement guidance to help Arizona school districts and charter schools effectively implement the Program, including guidance for: | |
| a. | Selecting and adopting a reading curriculum that is scientifically based, as defined in A.R.S. §15-704; | Implemented at 24 months |
| b. | Providing and/or promoting teacher professional development that is based on scientifically based reading research, as defined in A.R.S. §15-704; and | Implemented at 24 months |
| c. | Identifying appropriate program expenditures, consistent with A.R.S. §15-211. | Implemented at 24 months |
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| 1.2 | The Department should develop and implement the following written policies and procedures related to program administration and oversight: | |
| a. | Requiring all school districts and charter schools to submit all of the required components of their annual reading plans in a timely manner and conducting followup of school districts and charter schools that are untimely or submit incomplete information. These policies and procedures should require school districts and charter schools to provide information on how their teacher professional development will be based on scientifically based reading research, as defined by A.R.S. §15-704; | Implemented at 36 months |
| b. | Guiding department staff's review of all of the required information school districts and charter schools submit, including the development of various checklists as appropriate; | Implemented at 6 months |

Recommendation

Status/Additional Explanation

- c. Validating and verifying program implementation by requesting and reviewing documentation from school districts and charter schools, conducting random compliance reviews, and conducting site visits. In developing these policies and procedures, the Department should develop and implement appropriate tools to guide staff, such as checklists and risk-based review schedules, and develop guidance for school districts and charter schools on the documentation they should maintain and submit to the Department to demonstrate implementation of various program requirements;
- d. Assessing program outcomes. These policies and procedures should address the Department's processes for collecting, assessing the reliability of, and analyzing the assessment data school districts and charter schools submit, and its analysis of state-wide standardized test results to determine program outcomes;
- e. Developing and implementing a process to monitor and oversee school districts' and charter schools' tracking of their program outcomes; and
- f. Using assessment data school districts and charter schools provide to identify the most effective interventions and remedial strategies school districts and charter schools use to improve the reading proficiency of K-3 students with reading deficiencies.

Not implemented

The Department reported that it has not implemented this recommendation because it has not received additional funding, which it stated is necessary to hire staff to implement this recommendation.

Implemented at 36 months

Implemented at 36 months

Implemented at 36 months

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- 1.3 If legislation introduced in the 2016 legislative session that would assign the Department responsibility for the Program is not passed, and if the Department believes it needs statutory authority to administer and oversee the Program, it should work with the Legislature to modify statute as needed.

No longer applicable

Laws 2016, Ch. 245, assigned the Department statutory responsibility for administering the Program. As a result, this recommendation is no longer applicable.

Recommendation

Status/Additional Explanation

1.4 The Department should assess its resources and staffing needs to appropriately administer and oversee the Program, which would include implementing the recommendations made in this finding. This assessment should include an analysis of the efficiency and effectiveness of the Department's program administration and a documented workload analysis that compares the Department's program workload, including an estimate of future workload, with its staff resources. The Department should then take appropriate action based on the results of this analysis. If the Department determines that additional staff resources are needed, it should first identify additional department resources and/or monies that might be available to help with program administration and oversight. Then, if necessary, it could work with the Legislature to seek additional funding through the appropriations process. Alternatively, if additional staff resources are occasionally needed to address workload fluctuations, the Department could consider using contract help as needed and identify additional department monies or work with the Legislature, as appropriate, to seek additional funding for contractors if necessary.

Not implemented

Although the Department worked with its Research and Evaluation Division to develop a plan for conducting a program staffing analysis, it reported that it did not have sufficient funding to pay for the cost of the study, which it estimated was between \$6,000 and \$12,000. In addition, the Department did not provide documentation demonstrating that it had attempted to identify additional department resources and/or monies that might be available to help with program administration and oversight. However, the Department has requested that the Legislature provide it with additional funding to help it with program administration and oversight.

1.5 The Legislature should consider the following statutory changes to improve program oversight:

a. Revising annual reading plan submission requirements by either:

- Requiring only school districts and charter schools with C, D, or F letter grades and those with more than 10 percent of their third-grade students reading below grade level to submit annual reading plans;
- Requiring A and B letter grade school districts and charter schools that have 10 percent or less of their third-grade students reading below grade level to submit information less often; or
- Requiring all school districts and charter schools to submit all elements of their annual reading plans, and that the annual reading plans be reviewed and approved prior to distributing program monies.

b. Revising the deadline for school districts and charter schools to submit annual reading plans to allow the Department time to review annual reading plans before beginning distribution of any program monies; and

Implemented at 6 months

Laws 2016, Ch. 245, revised statute to require public school districts and charter schools with A or B letter grades to submit annual reading plans only in odd-numbered years beginning in fiscal year 2017.

Implemented at 24 months

Legislation proposed during the 2017 legislative session, Senate Bill 1131, included provisions to change the deadline for school districts and charter schools to submit annual reading plans from October 1 to July 1. The Legislature did not enact these provisions.

Recommendation

Status/Additional Explanation

- c. Requiring the Department to annually provide the Legislature with program information, such as findings from the Department's monitoring and tracking of each school district's and charter school's annual reading plan, the results of site visits, and program outcomes.

Implemented at 24 months

Laws 2017, Ch. 67, revised statute to require the Department to annually provide program information to the Legislature, including information on the improvement of K-3 reading in the State, a description of the Department's activities to support school districts and charter schools in improving K-3 reading, and information and data on school districts' program plans and expenditure of K-3 reading monies.

Finding 2: Department should increase access to reading trainings and improve fee-setting process

- 2.1 To improve access to its reading trainings, the Department should:

- a. Identify and establish participant categories that will be given priority for enrolling in its Phoenix reading trainings and work with the Southern Arizona Regional Education Center to determine if the Center can prioritize these same participant categories for enrollment in Tucson reading trainings;

Implemented in a different manner at 24 months

The Department has provided early notification of upcoming reading trainings to educators from public school districts and charter schools with C, D, and F letter grades, and the notification emails stated that the Department would give educators from these schools priority enrollment in upcoming reading trainings. Additionally, the Department included the schedule of upcoming trainings offered at the Southern Arizona Regional Education Center in its priority notification emails to public school districts and charter schools in southern Arizona.

- b. Continue to allow school districts and charter schools to request alternative reading training locations or schedules that meet their needs and advertise this option on its website as well as in its communications to school districts and charter schools;

Implemented at 6 months

- c. Continue working with regional education centers and county superintendents to schedule reading trainings in rural areas; and

Implemented at 6 months

- d. Work with school districts and charter schools to identify educators interested in serving as TRE instructors and enroll these educators in TOT trainings.

Implemented at 24 months

Recommendation

Status/Additional Explanation

- 2.2 The Department should ensure that its use of reading training fee monies is consistent with statute by:
- a. Remitting fee monies from reading trainings to the appropriate accounts associated with the Fund, as required by A.R.S. §15-237.01;
Not implemented
As indicated in its response to the performance audit report, the Department does not plan to implement this recommendation. However, Laws 2017, Ch. 67, revised A.R.S. §15-211 to require the Department to deposit any monies received for providing reading trainings or professional development into the Fund, effective August 2017. As of April 2019, the Department reported that it needed additional time for the new Superintendent of Public Instruction and new policy team to determine how the statute will impact its accounting for reading-training-fee monies.
 - b. Reviewing its records from previous fiscal years to determine if any reading-training monies should be remitted to the Fund in accordance with A.R.S. §15-237.01, and if any such monies are identified, remit those monies to the Fund; and
Not implemented
See explanation for Recommendation 2.2a.
 - c. Requesting the necessary legislative appropriation to use training fee monies from the Fund.
Not implemented
See explanation for Recommendation 2.2a.
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- 2.3 The Department should conduct a full analysis of its reading training costs by taking the following steps:
- a. Ensuring its delivery of reading trainings is as efficient as possible to help ensure that training costs are as low as possible;
Implemented at 36 months
 - b. Developing and implementing a method for determining and tracking the direct and indirect costs for providing its reading trainings, and create policies and procedures for using this method;
Implemented at 36 months
 - c. After developing this cost methodology, determining the appropriate fees to charge for TRE and TOT trainings and setting training fees accordingly; and
Implemented at 36 months
 - d. Considering the effect the proposed fee changes may have on training participants and obtaining their input when reviewing the fees. If proposed fees are significantly higher, the Department might consider increasing fees gradually.
Not yet applicable
The Department reduced its reading-training fees effective January 2019. Therefore, this recommendation is not yet applicable.
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