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May 25, 2011

MEMORANDUM

TO: Legislative Education Study Committee

FR: Mr. Craig J. Johnson

RE: STAFF REPORT: LESC SURVEY OF AUDITED SCHOOL DISTRICTS

On April 12, 2011, the Public Education Department (PED) announced the department would be conducting an audit of 34 school districts to "maximize transparency and equality in education funding." In order to better understand the audit process and school district perspectives, the Legislative Education Study Committee (LESC) conducted a survey of districts involved.

This staff report will review the LESC survey of districts and the survey results.

LESC Survey

On May 9, 2011, LESC staff emailed the superintendents of the 34 school districts selected by PED for an audit to request their participation in an online survey (see Attachment 1). The survey consisted of about 24 questions. Of the 34 superintendents that received the survey, 30 responded by May 20, 2011 for a response rate of over 88 percent (see Attachment 2).

District Responses

Below is a summary of the district responses:

- entrance conference: 64.3 percent (18 of 28) of districts did not receive an entrance conference;
- reason selected: 82.1 percent (23 of 28) indicated they did not receive information or data on how the districts were selected;

- districts' reports on the amount of district staff time involved ranged from five to over 200 hours;
- all respondents indicated that Individualized Education Programs (IEPs) were reviewed; 93 percent (13 of 14) indicated that documentation showing whether services prescribed in the IEP were provided were reviewed;
- only one respondent indicated Training and Experience (T&E) files were reviewed; two respondents indicated the number of special education ancillary staff were reviewed;
- documents: 71 percent (10 of 14) encountered issues when trying to provide documents; most commonly cited issues were the short time frame to provide documents and busy fax machines;
- clarification: 78 percent (11 of 14) indicated that PED asked for clarification about the documents provided;
- district response: 69 percent (20 of 29) indicated that PED did not ask for a district response;
- budget review: 35.7 percent (10 of 18) indicate their budget review has been affected by the audit;
- audit results: 42.9 percent (12 of 28) indicated they received the audit results verbally over the phone; and
- categories: 82 percent (23 of 28) indicated that PED did provide a reason as to why the district was placed in a particular compliance category.

While some districts expressed support for the audit, survey responses, in general, demonstrated uncertainty or apprehension about the audit. Concerns about the audit expressed by districts in the survey include:

- media coverage;
- the nature of the selection process;
- the short time frame involved; and
- the response from PED.

Some districts noted that the audit procedures appear disconnected from one of the stated purposes of the audit, which was to identify “gaming of the system to receive additional funds.”

In general, comments received from districts about the audits were largely, although not entirely, negative. For example:

- one district stated that it is supportive of audits in all areas including special education, bilingual programs and teacher training and experience, which have not been addressed in past years; because it is essential to ensure funding will be equitable for all students;
- but other districts described the audits as:
 - handled “in an unprofessional way”;
 - “highly sensationalized”;
 - “very threatening,” as a result of reports to the media about districts “gaming the system” and a statement that “there will be hell to pay”;
 - “a witch hunt”; and
 - a case of being “guilty until proven innocent.”

Many districts expressed disappointment in the way the audits were covered in the media. Comments about the way the audit was communicated included the following:

- *“The reason for the audits could have been more professionally presented.”*
- *“The media approach was to “convict” the districts and then let them prove otherwise.”*
- *“Was not well planned nor communicated.”*

Others expressed concern about the lack of entrance and exit conferences.

- *“It was not well organized, no planned entry and exit conference, no more direction than files they wanted.”*
- *“We have never had the opportunity to refute the findings of the audit.”*

Districts felt the timeline was “not particularly reasonable”. The time frame was commonly cited as a concern. For example, one respondent describe the process of providing documents as *“too fast, too rushed.”*

- *“Very rushed and little time spent with the district. Would have liked to have a pre conference and post conference for the district to have a better understanding to what was being looked at.”*

One district complimented PED’s efforts.

- *“PED was supportive and gave time for us to respond or wait for any other information needed.”*

Several other districts conveyed frustration with the response received from PED.

- *“We contacted PED about misinformation in the findings by phone and email. We were promised a response and continue to wait for that response.”*
- *“PED has not worked with us to rectify.”*
- *“Have not heard back from PED after submitting clarifications or receipt of documents sent which corrected some findings.”*

Districts commonly expressed concerns about the audit process, including comments about PED staff. For example:

- *“Were the auditors qualified to review SPED files? Why were no questions or clarifications requested?”*
- *“Our district did not feel the evaluation team had a good grasp on the SPED regs.”*
- *“PED staff seemed overwhelmed by the task and scope of work.”*
- *“PED staff has been either unavailable or unable to articulate required information or findings.”*

Several districts also noted that the budget review process was affected by the audit, most commonly due to a delay in receiving budget documents from PED.

- *“Significantly slowed our ability to complete budget.”*
- *“Administration delayed work on budget recommendations pending outcome of the special audit based on the possibility that projected membership numbers could be affected.”*
- *“We did not get our 910B5 until later than usual, and that made it very difficult to get our budget done in a timely fashion.”*

One of the stated purposes of the audit was to identify formula chasing, but the audit tools and records requests appear more oriented towards special education legal compliance. Many districts voiced confusion over the selection criterion.

- *“Our C-level numbers did not go up 200%, so we are still unclear as to why we were selected.”*
- *“It makes me wonder if it was already predetermined that we would get an indepth audit.”*
- *“The PED explanation for our audit was difficult to understand. A form letter had our name on it stating that our special education numbers were off as much as 200% to 1000%. We had no idea what that meant.”*
- *“A file-by-file review would not show the reasons for a C-level increase or an Ancillary FTE increase. The first was attributable to an increase in new students (to the district) and a reduction in the D-level numbers.”*
- *“Our District’s Special Education units for 2011-2012, based on 2010-2011 official counts, decreased by 1.8%. The audit was initially described as an investigation of districts where funding units increased. We are still not sure why our district was selected when our units went down.”*
- *“The letter sent after the audit was not specific and so general in nature, had we not known the reason for our audit we would not know whether it was T & E or Special Ed.”*

Other noteworthy concerns include:

- *“I feel it was because PED miscalculated the units, and the districts were blamed.”*
- *“I am concerned that the percentage of files reviewed from district to district was not proportionally equal.”*
- *“First, the sec of ed. calls to inform me that they found serious finding in our IEPs and that we had too many ancillary [sic]. We then called the people who audited us and they were surprized [sic] and said that they found nothing of major concern. When we asked if they could send us that in an email they sent back that they could not without permission from the sec. of ed. I am not comfortable with what is taking place by order of the sec. of ed.”*

PED audit**Page 1 - Intro**

1. What district do you represent?

2. Did PED hold an entrance conference with your district?

Yes

No

3. Were you provided with detailed information regarding the selection criteria and associated data used to identify districts to be audited?

Yes

No

Page 2 - Process

4. Was the field work conducted with a site visit from PED staff or was the field work conducted on the phone?

Site visit

Phone call

On Site

5. How many PED staff were on-site conducting the audit?

1

2

3

4

5 or more

PED audit

6. What was the approximate duration of the site visit?

- less than one hour
- one to two hours
- two to four hours
- four to eight hours
- more than one day, less than two days
- more than two days

Phone call

7. What was the approximate duration of the phone call?

- less than 10 minutes
- ten to twenty minutes
- twenty to thirty minutes
- thirty minutes to an hour
- more than one hour

Audit Process

8. How many hours of your staff time were involved in the audit?

Documentation

9. Please indicate whether the PED reviewers requested any of the following documentation: (Select all that apply)

- Personnel files related to the district's Training and Experience (T&E) Index
- Special Education files showing past and present numbers of students
- Special Education files showing past and present numbers of staff
- Files documenting the process to identify special education student's disability levels
- Individualized Education Plans (IEPs)
- Documentation showing whether services prescribed in the IEP were provided
- Documentation showing whether bilingual services were provided

PED audit

10. Approximately how many documents were requested?

11. Were there any issues encountered when trying to provided requested documentation?

Y

N

Documentation

12. Please describe the issues you encountered when trying to provide documentation:

13. Was the documentation requested sufficient to evaluate whether the district is properly identifying students for special education services?

Y

N

14. Was the documentation requested sufficient to evaluate whether the district is actually providing the proper special education services?

Y

N

15. Did PED ask for any clarification about the documents provided?

Y

N

Follow up

16. During or after the audit, did PED ask for a response from the district?

Y

N

17. How has PED worked with you to rectify any issues identified?

PED audit

18. Has your budget review been delayed or affected in any way by the audit?

- Y
 N

19. How was the budget review process for your district affected by the audit?

20. How were the results of the audit provided to the district?

- The results were not provided
 Verbally, over the phone
 In a letter from PED
 In a email from PED
 During a formal exit conference
 Via the newspaper or other media
 Other

21. PED grouped the districts into four categories: 1) Cleared through PED's audit; 2) Cited for minor compliance issues; 3) Cited for major compliance issues; and 4) Selected for additional audit measures. Did PED provide an explanation of your districts' classification?

- Y
 N

22. What was the reason you were placed in the category?

23. Was an exit conference held with your district?

- Y
 N

24. What else would you like the Legislative Education Study Committee to know about the audit process?

SCHOOL DISTRICT AUDITS			
<u>District</u>	<u>Field Work</u>	<u>Category</u>	<u>Survey Respondent</u>
Alamogordo	Phone Call	Additional Audit	Y
Albuquerque	Site Visit	Minor Compliance Issues	Y
Aztec	Phone Call	Cleared of all Issues	Y
Bloomfield	Phone Call	Minor Compliance Issues	Y
Cimarron	Phone Call	Major Compliance Issues	Y
Clayton	Phone Call	Minor Compliance Issues	N
Clovis	Site Visit	Minor Compliance Issues	Y
Cobre	Site Visit	Additional Audit	Y
Des Moines	?	Cleared of all Issues	N
Dulce	Phone Call	Major Compliance Issues	N
Espanola	Site Visit	Additional Audit	Y
Fort Sumner	Phone Call	Minor Compliance Issues	Y
Gadsden	?	Minor Compliance Issues	N
Gallup	Site Visit	Additional Audit	Y
Grants	Site Visit	Additional Audit	Y
Hagerman	Phone Call	Minor Compliance Issues	Y
Hobbs	Phone Call	Minor Compliance Issues	Y
Las Cruces	Site Visit	Additional Audit	Y
Los Alamos	Phone Call	Cleared of all Issues	Y
Melrose	Phone Call	Additional Audit	Y
Maxwell	Site Visit	Cleared of all Issues	Y
Moriarty	Phone Call	Minor Compliance Issues	Y
Pojoaque	Phone Call	Additional Audit	Y
Portales	Site Visit	Cleared of all Issues	Y
Rio Rancho	Phone Call	Cleared of all Issues	Y
Roswell	Site Visit	Minor Compliance Issues	Y
Santa Fe	Site Visit	Major Compliance Issues	Y
Santa Rosa	Phone Call	Cleared of all Issues	Y
Silver	Phone Call	Cleared of all Issues	Y
Socorro	Phone Call	Minor Compliance Issues	Y
Taos	Site Visit	Additional Audit	Y
Tucumcari	Site Visit	Major Compliance Issues	Y
Tularosa	Phone Call	Minor Compliance Issues	Y
Vaughn	Site Visit	Minor Compliance Issues	Y