

REPORT TO THE
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**A Performance Audit
of
Adult Education Services**

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Table of Contents

	Page
Digest	i
Chapter I	
Introduction	1
Adult Education Provides Core Education Services	1
Several Organizations Involved in Adult Education	4
Audit Scope and Objectives	5
Chapter II	
Service Duplication and Gaps Not a Significant Problem	7
Agencies Offer Different Services to Clients	7
Agencies Working to Reduce Gaps	11
Chapter III	
USOE Should Establish and Enforce Qualifications for Residency ...	15
AEP Is Not Checking For State Residency	15
Standards for Documenting Legal Residence in the United States Are Needed	20
Recommendations	23
Chapter IV	
Allocation Formula for State Funding Should Be Adjusted	25
AEP Funding Formula Focuses on Program Performance	25
Allocation Formula Promotes Redundant High School Completion	27
Funding Formula Should Be Reviewed for Alignment with Desired State Policy	29

Table of Contents (cont.)

Page

Recommendations	31
Appendix	33
Agency Response	37

Digest of A Performance Audit of Adult Education Services

Chapter I: Introduction

The Utah State Office of Education's (USOE) Adult Education Program (AEP), Department of Workforce Services (DWS), and Utah College of Applied Technology (UCAT) have a set of core services that enable them to address needs of the undereducated and underemployed. The services provided by AEP are at the center of adult education, and the other agencies partner with them to complement their services.

Chapter II: Service Duplication and Gaps Not a Significant Problem

Agencies Offer Different Services to Clients. While AEP and UCAT are educators, DWS focuses on providing the assistance its clients need to get employed. AEP and UCAT offer educational opportunities with different objectives to students. Our review of the agencies found that the three organizations each deliver relatively unique sets of services.

Agencies Working to Reduce Gaps. The Adult Education Consortium brings interested parties together to assess the potential gaps in adult education services. Local school district programs are partnering with DWS region offices and local UCAT campuses through pilot programs and partnerships that focus on making access easier for students. The agencies seem focused on identifying and filling potential service gaps.

Chapter III: USOE Should Establish and Enforce Qualifications for Residency

AEP Is Not Checking for State Residency. Utah law requires that funds appropriated for AEP only be spent on Utah residents. Our review of AEP showed that school districts are not checking residency status, and standards for documenting state residency have not been established by USOE staff. As a result, out-of-state residents who should pay tuition are not required to do so.

Standards for Documenting Legal Residence in the United States Are Needed. Existing AEP policies restrict school districts to spending state funds only on students legally residing in the United States. However, Senate Bill 81 passed in the 2008 General Session goes beyond AEP policy and seems to deny services to undocumented adults even if served with federal funds. Despite AEP policy, we found that the school district programs are not currently checking for legal residency. Although USOE staff has not yet established documentation standards, it should prepare to implement the new law, which takes effect in 2009.

**Chapter IV:
Allocation Formula
for State Funding
Should Be
Adjusted**

Allocation Formula Promotes Redundant High School Completion. The current allocation formula improves on former funding practices by basing a large part of AEP funding on performance. In addition to being paid for base funding and attendance funding, school districts are paid for generating performance outcomes. However, one concern with the formula is that it has separate allocations for GEDs and diplomas. This allows school districts to double their high school completion funding by having students earn a GED and a diploma. We believe the diploma requires minimal additional investment by the district, since 72 percent of the students earned their diploma less than 120 days after their GED.

Funding Formula Should Be Reviewed for Alignment with Desired State Policy. From fiscal year 2007 to 2009, per-unit values for all performance measures increased at different rates. However, the resulting per-unit values do not always reflect desired USOE policy. For example, USOE considers a diploma to be more valuable than a GED, yet the per-unit amount of the diploma is less, and the disparity is growing. In addition, all outcomes from AEP appear to have declined during the past two years, despite an increased appropriation from the Legislature. AEP should study the reasons for the apparent decrease in productivity.

Recommendations

1. USOE staff should establish documentation standards for complying with residency requirements that focus on a time requirement and valid forms of documentation.
2. USOE staff should establish documentation standards for demonstrating legal residence in the United States.
3. School district programs should comply with state statute and AEP policies that require state funds be expended on residents of the state and those students who are legal residents of the United States.
4. The Utah State Board of Education should adjust the AEP funding formula by combining the GED and diploma into one outcome and awarding funding to school district programs for a student's first successful completion of their GED or diploma.
5. The Utah State Board of Education should review and adjust the AEP funding formula to ensure the allocations reflect desired policy, either by periodically adjusting the percentages for each performance measure or by implementing a weighting system that assigns relative weights to the performance measures.
6. USOE staff should evaluate why reported outcomes have decreased and focus on maintaining the level of output from district programs.

Chapter I

Introduction

Adult education in Utah focuses on delivering services to the undereducated and underemployed to improve their economic status. This report reviews three organizations: the Utah State Office of Education's (USOE) Adult Education Program (AEP), the Department of Workforce Services (DWS), and the Utah College of Applied Technology (UCAT), which deliver various services to this group.

Three organizations are partners in providing adult education services to clients.

Each of these organizations has a set of core services that enable it to address some client needs. The main focus of this report is AEP, which delivers a basic level of education that enables clients to go about their daily lives and improve their economic status. Beyond these primary services, AEP has partnered with DWS and UCAT to deliver a comprehensive set of services to clients.

Adult Education Provides Core Education Services

The services provided by AEP are at the center of the delivery of adult education. AEP consists of USOE staff, who oversee the program, as well as school district programs and nonprofit, community-based organizations, which instruct adult students. AEP is funded primarily with state funds and receives additional support from federal grants and student fees. Since the program receives federal funds, a 2005 federal audit of AEP was conducted and identified problems with the program. The new director, who was hired after the audit was conducted, is in the process of addressing those problems.

Students take an assessment test to determine which program best fits the student's needs.

School districts and nonprofit, community-based organizations provide three different programs: Adult Basic Education (ABE), Adult High School Completion (AHSC), and English for Speakers of Other Languages (ESOL). To be placed in the appropriate program, students take an assessment exam upon enrolling with a school district or nonprofit, community-based organization. During the 2006-07 school year, the program had 24,869 students enroll with the following mix of educational needs:

Most students need to improve their English literacy skills, so they are enrolled in ABE or ESOL programs.

- Adult Basic Education: 11,883
- Adult High School Completion: 3,650
- English for Speakers of Other Languages: 9,336

The majority of students in adult education are focusing on literacy. As the enrollment numbers show, most students are enrolled in ABE or ESOL programs, and the focus of these programs is improving students' skills in reading, writing, speaking, problem solving, and listening. ABE students can also get help with math skills.

The State Provides Majority of Adult Education Funding

State, federal, and local funding sources are available to all district programs. As the following figure shows, the Legislature's appropriation to adult education makes up a significant portion of adult education funding.

Figure 1.1 Adult Education Funding for FY 2007. The state provides most of the funding for the Adult Education Program.

Funding Source	FY 2007	Percentage
State funding	\$ 9,148,653	70.7%
Federal Workforce Investment Act	3,232,505	25.0
Local fees and tuition	557,072	4.3
Total	\$ 12,938,230	100.0%

Utah is ranked 8th among states for its percentage of funding from non-federal sources.

Each year, the Legislature appropriates funding to provide adults basic education. This funding comes through the adult education line item in the Minimum School Program. The level of funding the Legislature provides is considerably more than the federal funding the program receives. According to a 2005 report from the Office of Vocational and Adult Education, Utah was ranked eighth among the 50 states regarding its level of non-federal effort in relation to its federal funding allocation. The state contributes nearly three times the amount it receives in federal funding.

Federal funding for adult education is provided through the Adult Education and Family Literacy Act (AEFLA). Funding is given to

USOE, which distributes the funds to school districts and nonprofit community-based organizations through a competitive grant process. The funds are intended to provide additional support for local programs offering ABE and ESL services, as well as funds to facilitate prison and institution programs. The majority of federal funding is awarded to ABE services, with only 20 percent going toward ESOL and corrections education.

USOE allows local programs to charge nominal fees to students. The board has specified that “tuition and fees shall be charged for ESOL, ABE, or AHSC courses in an amount not to exceed \$100 annually per student based on the student’s ability to pay as determined by federal free and reduced lunch guidelines.”

Federal Audit Identified Problems with Utah’s AEP

In 2005, the federal government’s Office of Vocational and Adult Education conducted an audit of AEP. This audit focused on AEP’s process for awarding and tracking federal funds, as well as the program’s methods of accounting for student progress. Five problems with the program that required agency action were identified, and several recommendations were also included in the audit report. The audit was completed shortly before the current director’s tenure, which began in August 2005.

Since the audit, the program’s director has developed a corrective action plan and is scheduled to complete the plan in December 2008. The final part of the program’s corrective action plan is the implementation of a statewide, electronic student-record system. Prior to the 2007-08 school year, a few school districts were selected to test the new system. For the 2007-08 school year, all districts are using the system as part of the corrective action plan. The new system enables program administrators and USOE staff to track individual student progress instead of aggregate school district performance that they received in the past. The system also standardizes the reporting process for all school districts and nonprofit community-based organizations.

In addition to the problems identified by the federal audit, this audit identified some concerns regarding residency requirements, as well as

Corrective actions that address problems identified during a 2005 federal audit will be completed in December 2008.

adjustments that should be made to the formula for allocating state funds. Those issues will be discussed in chapters III and IV of this report.

Several Organizations Involved In Adult Education

While AEP is the core provider of adult education services, other agencies partner with them to complement their service offerings. DWS is one partner; it provides employment and support services to many AEP clients and refers some of its other clients to AEP for education services. UCAT is another partner and provides education alternatives for students.

DWS provides financial and employment support to its clients, which include AEP and UCAT students.

DWS runs many of the state's public assistance and employment support programs. The department provides job information to its clients, who include students attending adult education programs or applied technology colleges. In addition, the department addresses some client needs through financial assistance, job training, and other services.

For clients who are case managed, an employment counselor will work with them directly. Case-managed clients are those who require the most aid and supervision to meet their economic goals. DWS employment counselors may or may not encourage these clients to obtain education as part of seeking gainful employment, depending on individual client circumstances. For clients that should be attending adult education, counselors perform follow-ups with adult education programs to ensure these clients are attending. The level of interaction between DWS and AEP will be discussed in Chapter II of the report, where we review their current working relationship.

UCAT provides technical training opportunities. UCAT campuses supply students with technical skills that are in demand by industries. Campus offerings are diverse, including programs such as cosmetology, phlebotomy, and composite materials technology.

UCAT programs do not require a diploma, making them a viable option for students lacking a GED or a diploma.

High school completion is not a requirement to get accepted into UCAT programs, so UCAT is a viable option for students lacking a GED or a high school diploma. Students take an assessment test to ensure they have the necessary math, reading, and English language skills for their program. If a student is deficient in any of these skills, then their applied technology college provides some remedial courses. However, the

college's primary role is not to provide general basic education courses like the AEP.

Audit Scope and Objectives

The co-chairs of the Education Interim Committee requested an audit of Utah's adult education services. As part of the request, we were asked to identify gaps in service or duplication of efforts by AEP, DWS and UCAT. The audit objectives are as follows:

1. Identify whether wasteful duplication of effort and/or gaps in service delivery among the three service agencies exist.
2. Identify the effectiveness and efficiency of the operations of USOE's Adult Education Program.

To address the first objective, we reviewed the services of the three organizations, with additional analysis of the common clients that exist between the AEP and DWS. In addition, we reviewed the partnerships that exist among the three organizations that would lead to the identification of major service gaps.

While carrying out the second objective, we identified two risk areas: compliance with residency requirements on state funding, and inconsistencies in the current allocation formula for state funds. We reviewed AEP policies and school district funding codes to ensure compliance with residency restrictions on state funding. In addition, we analyzed the performance measures used by AEP and their effect on per-unit funding amounts.

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Chapter II

Service Duplication and Gaps Not a Significant Problem

The initial concern raised in the audit request was whether duplication or gaps exist among three agencies in the delivery of adult education services. Our review did not reveal wasteful duplication among the Adult Education Program (AEP) and its two partners. Different missions among the agencies enable each to deliver a unique set of services to their clients; these services can be complemented by another agency's services.

Assessing gaps is a continual process as client needs constantly change. Potential gaps in the delivery of adult education services are being reviewed statewide and locally. At the state level, the Utah State Office of Education (USOE) staff directs a consortium established to analyze potential gaps in service. Local school district programs are partnering with regional Department of Workforce Services (DWS) offices and local Utah College of Applied Technology (UCAT) campuses to get their clients additional services they require.

Agencies Offer Different Services To Clients

The audit requesters identified three service organizations to be reviewed for wasteful duplication in their services. Our review of the agencies found that the three organizations deliver relatively unique sets of services.

Each of the three organizations plays an important role in providing adult education services. AEP and UCAT provide students with necessary skills and knowledge, and DWS focuses on providing the assistance a client needs to get employed. Differences also exist between the education providers because they provide different educational opportunities for their students; UCAT provides technical skills to its students, and AEP provides general education in basic skill areas.

Each agency plays a unique role in providing adult education services.

DWS provides employment and support services to its clients.

AEP and UCAT Fulfill Different Client Needs than DWS

Unlike its two partners, DWS is not an educator. The mission of DWS is to “provide employment and support services for their customers to improve their economic opportunities.” DWS runs many of the state’s public assistance programs as well as job search services, which encourage and support clients to find gainful employment. Rather than providing education like its partners, the department’s services complement those of its partners by addressing non-educational needs.

Through the audit, we found that many clients receiving adult education services are also receiving additional services from DWS. DWS clients that require the most intensive services are receiving academic assessments, and some of these clients are being referred to adult education programs. Since AEP and UCAT are both educators, UCAT has a similar relationship with DWS as AEP does.

Many Students Participating in Adult Education Receive DWS Assistance. DWS provides a variety of services for its clients that vary in intensity from an online job search to meeting with a DWS counselor on a regular basis. To determine the level of services being utilized by AEP students, we compared the client lists of AEP and DWS.

To make the comparison, we used Social Security numbers (SSNs) to match the two databases. DWS requires that all clients provide their SSN if they want to receive services. In comparison, a SSN is optional to get adult education instruction. School district programs and nonprofit, community-based organizations ask for a SSN as one means of complying with a federal requirement that the program determines the employment status of students after they leave an adult education program.

As of March 2008, when the comparison was made, 16,459 students attending an adult education program provided a valid SSN. Of those students, 10,300 received some assistance or service from DWS.

Many AEP students receive some assistance or service from DWS.

Figure 2.1 DWS Services Received by AEP Students. The level of DWS services received by AEP students varies greatly, from online job searches to assessments and follow-ups performed for case-managed clients. Clients can access multiple service categories, so the client counts are not mutually exclusive.

Service	Client Count
Intensive services	7,199
Public assistance	2,805
Job search	1,870
Case management	628
Unemployment insurance	166

Figure 2.1 shows AEP students are receiving a variety of DWS services. Public assistance and intensive services were accessed most by AEP students. Public assistance services provide financial help to students, such as food stamps, child care, or medical benefits, whereas intensive services do not necessarily have a financial benefit and include a range of services from skills assessments to substance abuse treatment.

With so many adult education students receiving DWS services, it is important to understand that the services of DWS and AEP are complementary rather than wasteful duplications. AEP provides education services, whereas DWS provides support and opportunities for improving clients' economic status. DWS does refer some of its clients to AEP for education services. These referrals are limited in number because of the nature of DWS services, which typically have low levels of interaction between the agency and most of its clients. However, mandatory education assessments and follow-up by employment counselors are provided to DWS' case-managed clients, which are clients requiring the most aid.

Case-Managed Clients Receive an Education Assessment from an Employment Counselor. As mentioned above, most DWS clients do not work directly with an employment counselor. They receive the services they require with minimal interaction from DWS staff; however, some clients, called "case-managed," receive assessments and are evaluated for education services. The number of case-managed clients is relatively few.

Rather than provide education services, DWS refers clients to AEP.

DWS’ “case-managed” clients receive education assessments that can result in referrals for AEP services.

For case-managed clients, an employment counselor reviews the client’s current status, looking at aspects like current economic status, educational background, and other personal factors that may be prohibiting the client from obtaining employment. After this review, the client and counselor develop an employment plan, which is a strategy for getting the client employed. The employment plan shows what the client agrees to do, and, in return, DWS lists the services and benefits the client will receive. Plans may or may not refer the client for education services with AEP or UCAT, but employment counselors will follow up to ensure compliance by the client, if education services are part of the plan.

A Similar Relationship Between DWS and UCAT Exists. As the client match demonstrated, AEP and DWS share some mutual clients. Since UCAT is like AEP and provides education services, it has a similar relationship with DWS. UCAT is one of the education providers that employment counselors can refer their clients to. As discussed next, the difference between the two relationships is whether the student wants to access either basic education or technical skills training.

AEP and UCAT Provide Different Educational Opportunities

AEP and UCAT have different objectives when educating their students. According to its vision statement, AEP will “assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency while completing a secondary education.” In comparison, UCAT’s focus, according to its mission, is to “assist students to enhance the necessary basic skills to succeed in technical training programs.” These statements outline the specific roles of each program: literacy and high school completion for the AEP, and technical education for the UCAT.

Minimal course overlap exists between the two education providers. The extent of overlap resides with remedial course offerings as well as some English for Speakers of Other Languages courses at UCAT campuses. The campuses require passage of a basic skills assessment for students without a GED or a diploma. If a student is deficient in math, reading, or English language skills, then some campuses provide some remedial courses to help the student succeed. For example, the Davis Applied Technology College provides a Math I course that focuses on

UCAT offers minimal remedial classes that resemble basic skills education provided by AEP.

math skills for specific professions like welders, machinists, and health occupations.

Remedial courses offered at UCAT campuses are few in number when compared with the many classes for technical programs. These remedial courses exist to provide necessary on-campus help to students, allowing students to focus on their technical programs. The intent is not to provide broad subject education like AEP provides.

Agencies Working to Reduce Gaps

Working to eliminate gaps is a never-ending process. As clients' needs change, gaps tend to evolve. We found that various entities are involved in analyzing the gaps in delivering the necessary services to the undereducated and underemployed. At the state level, the Adult Education Consortium exists to bring interested parties together to better define the needs of all parties involved in the adult education process and to generate action plans. It consists of the AEP, DWS, the State Board of Regents (which includes UCAT), as well as business representatives.

The Adult Education Consortium allows interested parties to identify gaps in the delivery of adult education.

While the consortium seems to help set the overall direction of adult education services, the three organizations in this audit are also developing partnerships that focus on identifying and filling service gaps. School district programs are partnering with DWS offices on a pilot program to make adult education more accessible to DWS' Family Employment Program (FEP) clients. The school districts' programs are also partnering with local UCAT campuses to provide students opportunities to experience what applied technology colleges offer.

School Districts Partnering With DWS on FEP Pilot Project

A study conducted by the DWS showed that education is the greatest factor in employment success. One of the programs administered by department is FEP, which allows for high school completion activities but not to the extent desired by DWS staff. FEP is a federal program aimed at providing assistance to families with dependent children. The program requires recipients to spend 30 hours per week on specified job-related activities. Of the 30 hours, only 10 can be spent on high school completion activities, requiring recipients to spend another 20 hours on

A DWS pilot program allows some FEP clients to focus on education activities rather than employment.

other activities, such as internships, job searching, and occupational skills training.

Federal requirements for FEP specify that the state must have 50 percent of its recipients meet the 30-hour requirement. Rather than having all clients focus on getting the appropriate 30-hour mix, the pilot program will select a group of clients and have them focus on education activities. The goal is to achieve the 50 percent benchmark set by FEP with the remaining clients.

The pilot program will be taking place in the DWS' Northern and Central regions. Ogden City School District's adult education program will be providing the education services for the DWS Northern Region on the project. The school district will provide a specific class that will cater to the needs of the students in the pilot program. The program will require a rigorous attendance schedule encouraging clients to finish as soon as possible. The pilot program is an example of how DWS and AEP are analyzing their service delivery and implementing programs that are in their clients' interests.

School Districts and UCAT Campuses Partner to Ease the Transition

Once students have completed adult high school, many students desire additional education and training. Making the transition from a school district program to a UCAT campus for technical training is a potential gap, so some school districts are providing opportunities for their students to become acquainted with the local UCAT campus.

UCAT campuses ease the transition by allowing AEP students to take some classes.

Two of the school districts we visited are developing ways to ease the transition. Davis School District and Ogden City School District adult education programs have partnered with their nearby UCAT campuses to offer their students ways to access courses taught at the college, while being enrolled in the school district's adult education program. These programs resemble similar options available to secondary students at various high schools.

Overall, three agencies involved in this audit each play unique roles in the delivery of adult education services, yet the agencies work together to address the needs of their clients. As needs change for clients and

employers, it appears that the service agencies have established mechanisms to deal with issues as they arise.

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Chapter III

USOE Should Establish and Enforce Qualifications for Residency

As discussed in Chapter I, the Legislature has allocated significant funding to the AEP. The Legislature has made this allocation with the condition that these funds be spent to educate Utah residents, but school districts are not adequately checking students' Utah residency. AEP's policies also specify that state funds cannot be spent on undocumented adults, but federal funds can be used to educate those students. School districts have not enforced this policy either.

School district programs should be verifying Utah residency and legal presence in the United States.

Besides the current standards, recent legislation may impose additional requirements. We believe a bill passed by the 2008 Legislature will require the AEP to verify its students are legally in the country. The bill goes beyond the funding restrictions in AEP policy and seems to deny AEP services to undocumented adults, regardless of how they would be funded. To comply with this statutory requirement, USOE staff should develop documentation standards that will direct school district programs on how to comply with the law.

AEP Is Not Checking For State Residency

Our review of AEP showed that school districts are not checking residency status, and standards for documenting state residency have not been established by USOE staff. As a result, out-of-state residents who should pay tuition are not required to do so. We believe USOE staff should establish documentation standards, and school districts need to enforce them. Other education organizations have policies outlining acceptable residency documentation that could serve as models for AEP.

State Allocation Should Serve Utah Residents

Each year, the Legislature appropriates funding to AEP through the Minimum School Program. This funding is only available to Utah residents. *Utah Code* 53A-15-404(2) mandates that "eligible

Utah Code requires that state funds be spent only on Utah residents.

Students are assigned a funding code that specifies their eligibility for use of state funding.

nonresidents of the state shall be charged tuition at least equal to that charged nonresident students for similar classes at a local or nearby state college or university, unless waived in whole or in part by the local school board in an open meeting.”

To clarify how this statute will be carried out, the State Board of Education has required AEP to publish the *Utah Adult Education Policy and Procedures Guide*. The guide provides programs with additional information regarding which students are eligible for state funds. Residency, age, and educational achievement of the student are used to determine eligibility. Using these three criteria, school districts assign a funding code that indicates whether a student can be educated with the Adult Education appropriation. Upon enrollment, students receive a funding code from their school district program. These codes are entered into the AEP’s information system, UTopia, that tracks a student’s eligibility for state funding, among other things.

School District Programs Are Not Checking for Residency

Since state law requires that school districts verify their students’ state residency, we reviewed the current procedures and outcomes to determine whether school districts are complying with the statute. We reviewed funding codes and found that only a few out-of-state residents were identified, and those cases were self-reported. School districts ask for a street address during enrollment, but no documentation of residency is required. The AEP needs to establish and enforce standards for documenting residency within the state.

As of May when we obtained the data, 32,992 funding codes had been assigned to students for the 2007-08 school year. In some cases, students were assigned multiple codes if they changed programs during the year. However, of all these funding codes, only 112 identified that a student was required to pay tuition for the education services they received.

School districts reported five students as out-of-state residents.

Further review of these 112 codes revealed that only five students were reported as out-of-state residents. The other cases were students that exceeded the education limits of the program and were ineligible for state funding. A single school district accounted for four of the five out-of-state residents, and the other student attended a program at the Draper

prison. The school district that identified the four cases reported that all cases were self-declared by the students.

Our review of school district intake processes also reaffirms the lack of residency verification. At the districts we visited, the extent of residency verification was a street address provided by the student, and no documentation was provided for verification. As will be discussed later, living within the state borders does not constitute being a resident of the state for funding purposes.

We believe the number of out-of-state residents is greater than the five that were identified.

While we do not know the actual number of out-of-state residents in AEP programs, we believe it is far greater than the five students identified in the 2007-08 school year. School districts should be taking an active role in identifying out-of-state residents, and the AEP should be setting documentation standards to help school districts comply with their obligation. To begin complying with the statute, the USOE should create documentation standards for verifying a student's residency in Utah. As discussed next, other programs have policies that contain a time requirement as well as other documentation that demonstrates the student's intent to reside in Utah.

Other Education Programs Have Defined Residency Requirements

To establish residency, a student must demonstrate both presence and intent to reside in a state. Merely living within the borders of the state does not satisfy the residency requirements. Students must take action to demonstrate they intend to live in the state for a period of time. While the AEP has not defined what documentation verifies a student's residency, other education programs in Utah have. Higher education has established a set of residency requirements in its policies and procedures, and the USOE has established criteria for its K-12 program.

Higher education requires that students stay in the state for one year, declare financial independence, and document domicile.

Higher education has adopted policies outlining how students demonstrate their resident status for in-state tuition. State Board of Regents Rule 512 outlines these requirements. In general, a student must satisfy three requirements: maintain presence in the state for one year; declare financial independence; and document domicile, which is the place an individual intends to make their permanent home. The board has outlined how a student can document this intent.

Figure 3.1 Utah Higher Education Domicile Documentation. State Board of Regents Rule R512-4.4 establishes acceptable documentation for demonstrating intent to make permanent residence in Utah.

1. A Utah high school transcript issued in the previous year (previous 12 months) confirming attendance at a Utah high school in the previous 12 months;
2. Utah voter registration dated at least three (3) months (90 days) prior to the first day of class of the term for which the student is seeking resident status;
3. Utah driver license or identification card with an original date of issue or renewal date at least three (3) months (90 days) prior to the first day of class of the term for which the student is seeking resident status;
4. Utah vehicle registration dated at least three (3) months (90 days) prior to the first day of class of the term for which the student is seeking resident status;
5. Evidence of employment in Utah for at least three (3) months (90 days) prior to the first day of class of the term for which the student is seeking resident status;
6. Proof of payment of Utah state income tax for the previous year;
7. A rental agreement or mortgage document showing the student's name and Utah address for at least 12 months prior to application for resident student status; and
8. Utility bills showing the student's name and Utah address for at least 12 months prior to application for resident student status.

As Figure 3.1 shows, students have a variety of documentation options available. However, no specific guidance is given as to how many of these the student must provide.

The State Board of Regents rule also provides exemptions and waivers to their general rule's time and domicile requirements. For example, students can be exempt from the one-year time requirement because of circumstances such as marriage to a Utah resident; employer-requested, full-time permanent employment in Utah; or status as a political refugee. Active duty in the United States Armed Forces or membership in an American Indian tribe also serve as exceptions for the domicile requirements. These exemptions and waivers make the State Board of Regents requirements a flexible model that the AEP could follow.

In addition, USOE has established their own criteria for evaluating a K-12 student's parent or legal guardian status as a permanent resident. The USOE requirements focus solely on domicile and do not have a time requirement like those for higher education. However, the USOE

USOE has established domicile requirements for their K-12 program.

requirements are more prescriptive in the number of documents required, which makes for a more objective standard that school district programs can apply.

Figure 3.2 Proof of Residency Options for K-12 Programs.

Combinations of documentation are required to satisfy residency requirements for the parent or legal guardian of K-12 students.

All applicants shall submit at least one document from Column A and two or three, at the school district’s discretion, from Column B.	
Column A	Column B
<ul style="list-style-type: none"> • Copy of deed AND record of most recent mortgage payment • Copy of lease AND record of most recent rent payment • Legal affidavit from landlord affirming tenancy AND record of most recent rent payment if available, or statement in body of affidavit that family is living there free of charge and for what period of time 	<p>Dated within past 60 days:</p> <ul style="list-style-type: none"> • Letter from approved government agency • Payroll stub • Bank or credit card statement • Utility bill or work order • Valid driver license • Current vehicle registration • Valid Utah photo identification card • Valid passport • Voter registration documentation • Church or religious records <p>Dated within the past year:</p> <ul style="list-style-type: none"> • W-2 form • Excise (vehicle) tax bill • Property tax bill
The following do not establish residency:	
<ul style="list-style-type: none"> • Powers of attorney • Letters from friends or relatives 	<ul style="list-style-type: none"> • Property owned in school district boundaries • P.O. box in school district boundaries

AEP has not established documentation standards for state residency.

The residency policies established by both educators provide guidance to their institutions and school districts that must carry out the screening of students. In contrast, our audit work found that AEP has not established clear policies, and school districts were not checking the residency status of their students. We think USOE staff should provide standards for complying with residency requirements that focus on a time

requirement and valid forms of documentation. We also believe that school districts need to comply with those standards.

Standards for Documenting Legal Residence In the United States Are Needed

In addition to requiring that state funding for adult education only go to Utah residents, the USOE also requires that these students be legal residents of the United States. School district programs also are not complying with this legal resident requirement. Legislation passed in the 2008 General Session goes beyond limiting state funding to legal U.S. residents and seems to deny services to undocumented adults, regardless of how they are funded. Therefore, AEP needs to develop clear guidance to help school districts verify legal residency. Arizona voters passed a proposition in 2006 that put similar restrictions in place, and their compliance can serve as a model for the AEP to follow.

School Districts Not Complying with USOE's Legal Residence Requirement on State Funding

In addition to the statutory requirement that a student be a resident of the state, AEP policies require that a student “must be a legal resident of the United States” to use state funding. AEP has provided additional guidance in the frequently asked questions section of its policy manual and gave the following guidance.

AEP policies require that state funds be spent only on legal residents of the United States.

Figure 3.3 AEP Policy on Serving Undocumented Adults. USOE policy allows school districts to serve undocumented adults, if their costs are covered with appropriate funds.

Q: Can adult education serve undocumented adults?

A: Yes, under the following conditions: (1) they pay full tuition and fees at the closest college or university; or (2) they are 16 or older and are served with federal funds only; and (3) they qualify under the federal definition. The statute defines a “qualifying adult” as an adult who (a) is 16 years of age or older; (b) is beyond the age of compulsory school attendance under the law of the state or outlying area; (c) does not have a secondary school diploma or its recognized equivalent; (d) is not enrolled in secondary school; (e) lacks sufficient mastery of basic educational skills to enable the individual to function effectively in society; and (f) is unable to speak, read, or write the English language.

School district programs can serve undocumented adults, if they pay full tuition or are served with federal funds only.

Even though the program permits the participation of undocumented adults, school districts need to verify a student’s legal presence in the country for funding purposes. The AEP policies provide no guidance to school districts on how to identify these students and do not establish documentation standards. In addition, the policies do not designate a funding code to identify undocumented adults.

Although no standards have been established by the AEP, school districts could use the Social Security numbers (SSNs) they collect to verify legal presence in the country. Other options should be available for students to document their legal status in the country, because an SSN is not the only method available. In addition, we found invalid SSNs in the student data, which raises concern about school districts’ practice of accepting information with no documentation.

Data Integrity Concerns Exist with SSNs Collected by School Districts. SSNs are collected as a means of complying with a federal funding requirement. States that receive federal funds are required to verify employment outcomes of students engaged in their adult education program who have a goal to obtain, retain, or improve employment status. SSNs provide an efficient and effective method for education programs to validate employment goals. If students do not have or do not provide their SSN, then a survey is conducted. In the school districts we visited, a Social Security card was not required to validate the SSN that students provided.

The 696 invalid Social Security numbers are concerning, as well as the 6,968 students that did not provide one.

We reviewed the SSNs provided by students to school district programs. Of the 24,123 students in the UToPIA student management system, 17,155 students voluntarily provided a SSN. Of the 6,968 students who did not provide a SSN, some may be refugees, immigrants, or undocumented adults who do not have a SSN, while many others may be legal residents who have a SSN but chose not to provide it. However, of the numbers provided, 696 of them were invalid according to guidelines provided by the Social Security Administration. Many other SSNs could be invalid even though they are consistent with the number guidelines. This level of incorrect information demonstrates the need for appropriate documentation to ensure data integrity. As a result, the program should consider adopting a documentation approach rather than simply having students provide the information.

Adult Education Services May No Longer Be Available to Undocumented Adults

SB 81 seems to deny services to undocumented adults, regardless of how they are funded.

As discussed, the AEP policy has allowed undocumented adults to receive AEP services, if they were not educated with state funding. However, recent legislation seems to prohibit undocumented adults from accessing AEP services. According to the first substitute of Senate Bill 81(SB 81) passed by the Legislature during the 2008 General Session, “An agency or political subdivision of the state shall verify the lawful presence in the United States of an individual at least 18 years of age who has applied for a state or local public benefit.” This legislation seems to apply to adult education, since most of their students are over age 18 and are receiving services provided by the state and by local school districts.

Since school district programs should already be checking students’ legal status for funding purposes, SB 81 would put no additional verification requirements on school district programs. However, as previously demonstrated, documentation standards do not exist, and school district programs are not checking state residency and legal status in the United States. As a result, SB 81 provides an opportunity for AEP to become compliant with these requirements by July 1, 2009, when the bill goes into effect.

Arizona Provides Model for Compliance

The Arizona Department of Education developed standards for validating legal residence in the United States. Arizona voters supported a

Arizona has implemented standards for verifying legal presence in the United States.

proposition in 2006 that restricted some state-provided services, including adult education, to individuals legally residing in the United States. In compliance with their law change, Arizona's adult education program drafted their own set of policies for documenting legal residence in the country.

To implement the law, Arizona's adult education program developed a menu of options available to patrons of adult education to demonstrate their legal status within the United States. Arizona's *Eligibility for Services* form requires students to verify their identity and employment eligibility with required documentation. (See Appendix A.1.) The documentation options used by the program were developed by the Department of Homeland Security for their Form I-9 for employment eligibility verification. The department also published a handbook that contains illustrations of the documents so administrators know what to look for.

Beginning July 1, 2009, Utah's school district programs must verify students' legal status in the country in order to comply with SB 81. Arizona's program appears to be a good example of how the AEP can make this transition. We recommend that USOE staff begin establishing their own documentation standards for legal residence in the United States. Standards are necessary now to determine if students are eligible for state funding, and in the future to determine if they are even eligible for services.

Recommendations

1. We recommend USOE staff establish documentation standards for complying with residency requirements that focus on a time requirement and valid forms of documentation.
2. We recommend USOE staff establish documentation standards for demonstrating legal residence in the United States.
3. We recommend school district programs comply with state statute and AEP policies that require state funds be expended on residents of the state and those students who are legal residents of the United States.

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Chapter IV

Allocation Formula for State Funding Should Be Adjusted

Each year, the Legislature allocates funding to educate adults. The Utah State Board of Education (USOE) has adopted a formula for funding distribution that focuses on performance rather than on student counts. While we are pleased the current formula is focused on program performance, we have concerns with how funds are awarded for performance measures.

The formula has separate allocations for GEDs and diplomas, which are outcomes produced in school districts' high school completion programs. Separate allocations allow school districts to double their high school completion funding by having students earn a GED and a diploma. Separate allocations have also created different growth rates in per-unit values, which may not be addressing the needs of school district programs. As a result, USOE should adjust its allocation formula by combining GED and diploma funds and award programs for a student's GED or diploma, not both. In addition, the percentages for performance measures should be reevaluated, or a new system should be adopted with relative weights for performance measures.

AEP Funding Formula Focuses On Program Performance

USOE created the Adult Education Program (AEP) funding formula to focus on enrollment and student performance. USOE's formula was a fundamental shift from the previous formula that awarded funds according to student counts and census data. The current allocation formula gives all school districts a base funding amount and compensates school districts for students' attendance and production of outcomes, as outlined in the following figure.

School districts are awarded base funding as well as additional funding for student attendance and outcomes.

Figure 4.1 Utah’s Funding Formula. USOE allocates funds among school districts offering adult education services based on set percentages for each funding item.

Funding Item	Percent Allocation	FY 2009 Allocation
Per-district funding	7%	\$ 718,632
Supplemental	2	205,323
Base Subtotal	9%	\$ 923,955
Enrollees	25	2,566,536
Contact hours	16	1,642,584
Attendance Subtotal	41%	\$4,209,120
Diplomas	15	1,539,922
Level gains	15	1,539,922
GEDs	12.5	1,283,268
High school credits	7.5	769,953
Outcome Subtotals	50%	\$5,133,065
Grand Total	100%	\$10,266,140

As Figure 4.1 shows, the formula emphasizes district performance, awarding half of all funding based on program outcomes. This approach holds district programs accountable to deliver results.

As an example, Logan and Cache school districts have nearly the same number of students enrolled in their programs; however, funding generated per student for fiscal year 2009 will vary greatly due to student attendance and outcomes. Logan will receive \$271 per student, and Cache will receive \$538 per student. Both programs receive the same funding for each student that enrolls; however, Cache was able to generate almost twice the funding for the time students spent in the classroom and about three times the outcome funding because of significantly more GEDs, diplomas, and high school credits. It is our opinion that the formula’s emphasis on performance has driven accountability into the program, as long as performance measures are given their appropriate percentage of funding.

School districts with similar enrollments can generate significantly different amounts of funding due to performance.

Allocation Formula Promotes Redundant High School Completion

The current formula awards double the funding to school districts when students earn both a GED and a diploma.

While the current formula encourages district programs to produce outcomes, it also rewards school districts whose students unnecessarily earn both a GED and a diploma by providing double the funding. During the 2007-08 school year, many students unnecessarily earned a GED and a diploma. Most of these students earned their diploma shortly after receiving their GED. Therefore, we recommend USOE adjust their formula to award school districts only for completion of a GED or diploma, whichever comes first.

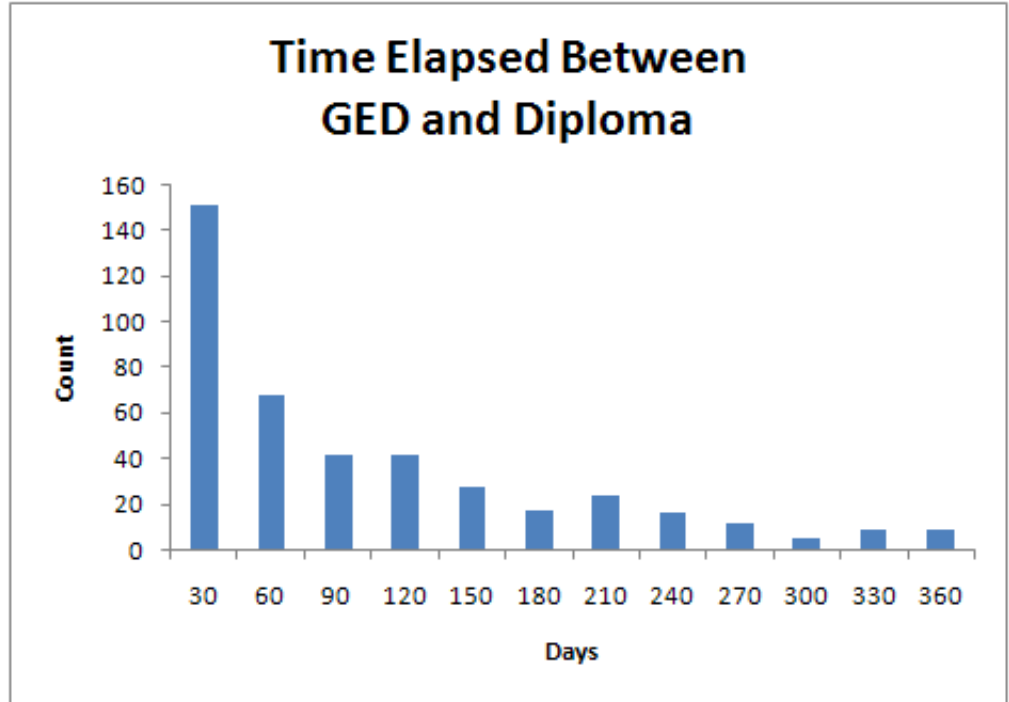
A school district program can generate significant additional funding by having its students complete a GED before earning a diploma. Using values for fiscal year 2009, students who receive a diploma generate \$457 for their school district. However, a student who passes the GED test before obtaining a diploma generates an additional \$630, which results in a total of \$1,087 for the school district if the students get both. The additional funding through obtaining a GED and diploma seems unnecessary, since either a GED or a diploma is a high school completion outcome.

To better understand the extent of this practice, we reviewed diploma recipients to see if and when they earned a GED prior to earning a diploma. Through April of the 2007-08 school year, 1,902 adult students earned diplomas. Of these diploma recipients, approximately 628, or 33 percent, had already earned a GED.

415 students earned their diploma less than one year after obtaining their GED.

Not all cases of students earning both a GED and a diploma generate the additional funding for earning both. For example, 14 students earned their GEDs in the 1970s and 1980s, which was before the current allocation formula was in effect. These students demonstrate that additional motivation exists for GED recipients to earn their diploma besides school district motivation for additional funding. So to give a more accurate portrayal, we focused on the 415 students that earned their diploma less than one year after completing their GED. The following figure shows the distribution of time required for students to earn a diploma after earning a GED.

Figure 4.2 Distribution of Days to Earn Diploma After Receiving GED. Most students experience short turnaround between passing the GED test and obtaining their high school diploma.



As Figure 4.2 shows, the data is skewed toward fewer days between obtaining the two certificates, demonstrating that minimal effort may be required by students to get their diploma after achieving their GED. Within 120 days, we find 72.3 percent of the occurrences.

One cause for the quick turnaround is that students are awarded high school credits for successful passage of the GED. Upon passage of the exam, students can be awarded up to five credits toward a high school diploma. Four of the credits are subject specific, counting toward requirements in math, English, social studies, and science. The fifth credit is an elective credit that can be applied to the total credits required for graduation.

GED credits provide a quick and lucrative way for school district programs to get their students the necessary credits they need, essentially double-paying the school districts for an adult student completing high school. Therefore, the Utah State Board of Education should adjust the formula by combining the GED and diploma into one outcome and

For some students, minimal additional effort may be required to earn their diploma after obtaining their GED.

awarding funding to school district programs for a student's first successful completion of their GED or diploma.

Funding Formula Should Be Reviewed For Alignment with Desired State Policy

USOE should review its funding formula to ensure that per-unit values align with desired state policy. From fiscal year 2007 to 2009, per-unit values for all performance measures increased. However, measures have increased at different rates, raising questions about the policy rationale for the different amounts. We think USOE should periodically review and adjust its funding formula. In addition, outcomes from AEP have declined during the two years despite an increased appropriation from the Legislature. AEP should study the reasons for the apparent decrease in productivity and report to the Legislature if funding should be redirected.

Over the past three years, the Legislature has increased adult education funding by 12 percent, allocating \$9,148,653 in fiscal year 2007 and \$10,266,140 in fiscal year 2009. As discussed earlier, the funds are allocated based on the formula shown in Figure 4.1. The figure below shows that over the same time period, the increase in the per-unit values of performance measures has varied from 17.4 to 42.5 percent.

While funding from the state increased 12 percent, per-unit values increased 17.4 to 42.5 percent.

Figure 4.3 Historical Per-Unit Funding Generated by Performance Measures. The per-unit value of some performance measures increased much more than others between fiscal years 2007 and 2009.

Performance Measure	FY2009	FY2007	Percent Change
Enrollees	\$ 108.26	\$ 83.28	30.0%
Contact Hours	.75	.59	27.1
Diplomas	456.95	383.54	19.1
GEDs	629.67	441.88	42.5
Level Gains	206.84	176.16	17.4
Credits	28.41	20.07	41.6

Although a diploma is the preferred method of high school completion, a GED generates more funding per unit.

As Figure 4.3 shows, the values of all performance measures have increased but not at the same rate. For example, diplomas and level gains have grown at a slower pace than the other measures. Later we discuss why all the per-unit values have increased more than the 12 percent increase in appropriation provided by the Legislature. First, we compare the funding for different performance measures.

The policy rationale for the different per-unit amounts is not clear. For example, although USOE staff told us that a diploma is preferred over a GED as a method of high school completion, it is worth less funding. Furthermore, the premium paid for a GED over a diploma has increased. In fiscal year 2007, the GED was worth 15 percent more than a diploma, but two years later it was worth 38 percent more. The policy rationale for the different amounts is not clear, but it is not because the diploma is less work. As discussed earlier, some students go on to earn a diploma after getting a GED, but no one does the reverse. Awarding more for a GED than a diploma does not support the USOE's policy that a diploma is more important.

Since the formula was created, the allocation percentages shown in Figure 4.1 have not been adjusted. We think USOE should review their funding formula to ensure the allocations reflect desired policy. One option is to periodically review and adjust the percentages for each performance measure based on changing conditions. For example, if the English for Speakers of Other Languages program experienced rapid growth, it might make sense to increase the allocation to level gains since that performance measure would be affected. If USOE continues to allocated fixed percentages to each performance measure, it should periodically review those percentages. Another option for USOE would be to implement a weighting system that assigns relative weights to the performance measures.

Performance measures with faster per-unit growth are experiencing greater declines in outcomes.

While the policy rationale for some of the per-unit values is unclear, the calculation of the amounts is straightforward. However, in reviewing the calculation, we became concerned that performance measures have declined. As mentioned previously, the Legislature increased the appropriation between fiscal year 2007 and 2009 by 12 percent, but per-unit values of performance measures increased from between 17.4 to 42.5 percent. The per-unit values grew faster than the total funds available because the outcomes declined, as the following figure shows.

Figure 4.4 Historical Performance Measure Counts. The number of outcomes used in funding calculations for fiscal years 2007 and 2009 were generated two years earlier. The data is offset due to reporting and budget cycles.

Performance Measure	FY 2009*	FY 2007*	Percent Change
Enrollees	23,708	27,463	-13.7%
Contact hours	2,176,852	2,469,804	-11.9
Diplomas	3,370	3,578	-5.8
GEDs	2,038	2,588	-21.3
Level gains	7,445	7,790	-4.4
Credits	27,099	34,192	-20.7

* Outcomes for FY 2009 and FY 2007 were generated during school years 2006-07 and 2004-05 respectively.

With concerns over the accuracy of outcome reports, USOE staff should further evaluate why outcomes have decreased.

We are concerned that no additional outcomes are being produced with the increased appropriation. However, USOE staff feel the data collected under their old reporting system may not be accurate. The federal audit of AEP identified concerns that performance measures were not reported to USOE staff in a uniform format and that AEP lacked a student-level reporting system. With the implementation of the new UTopia system, we recommend AEP address this issue of decreasing outcomes. One possible reason for fewer outcomes is that an improving job market between the 2005 and 2007 school years led to fewer adults pursuing adult education. We think USOE staff should evaluate why reported outcomes have decreased, then AEP can focus on maintaining the level of output from school district programs.

Recommendations

1. We recommend the Utah State Board of Education adjust the AEP funding formula by combining the GED and diploma into one outcome and awarding funding to school district programs for a student's first successful completion of their GED or diploma.
2. We recommend the Utah State Board of Education review and adjust the AEP funding formula to ensure the allocations reflect

desired policy, either by periodically adjusting the percentages for each performance measure or by implementing a weighting system that assigns relative weights to the performance measures.

3. We recommend USOE staff evaluate why reported outcomes have decreased and focus on maintaining the level of output from school district programs.

Appendix

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Appendix A

A.1 Arizona Adult Education’s Verification of Eligibility for Services Form. This is the list of acceptable documents that establish identity and employment eligibility for adult education services. Applicants must provide one document from list A or one document from lists B and C.

LIST A	LIST B	LIST C
Documents that Establish Both Identity and Employment Eligibility	Documents that Establish Identity	Documents that Establish Employment Eligibility
<ol style="list-style-type: none"> 1. Driver License or Instruction Permit issued in Arizona after October 1, 1996 or another state, territory or possession of the U.S., except per Arizona law for the following states that do not verify lawful presence in the U.S.: HI, MD, MA, MI, NM, NC, OR, TX, UT, and WA. 2. Arizona ID card issued by AZ MVD after October 1, 1996. 3. U.S. Passport (unexpired or expired) 4. Certificate of U.S. Citizenship (Form N-560 or N-561) 5. Certificate of Naturalization (Form N-550 or N-570) 6. Unexpired foreign passport, with I-551 stamp or attached Form I-94 indicating unexpired employment authorization 7. Permanent Resident Card or Alien Registration Receipt Card with photograph (Form I-151 or I-551) 8. Unexpired Temporary Resident Card (Form I-688) 9. Unexpired Employment Authorization Card (Form I-688A) 10. Unexpired Reentry Permit (Form I-327) 11. Unexpired Refugee Travel Document (Form 1-571) 12. Unexpired Employment Authorization Document issued by DHS that contains a photograph (Form I-688B) 	<ol style="list-style-type: none"> 1. Driver's license or ID card issued by HI, MD, MA, MI, NM, NC, OR, TX, UT, & WA provided it contains a photograph or information such as name, date of birth, gender, height, eye color and address 2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color and address 3. School ID card with a photograph 4. Voter's registration card 5. U.S. Military card or draft record 6. Military dependent's ID card 7. U.S. Coast Guard Merchant Mariner Card 8. Native American tribal document 9. Driver's license issued by a Canadian government authority <p style="text-align: center;">For persons under age 18 who are unable to present a document listed above:</p> <ol style="list-style-type: none"> 10. School record or report card 11. Clinic, doctor or hospital record 12. Day-care or nursery school record 	<ol style="list-style-type: none"> 1. U.S. social security card issued by the Social Security Administration (other than a card stating it is not valid for employment) 2. Certification of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350) 3. Original or certified copy of a birth certificate issued by a state, county, municipal authority or outlying possession of the United States bearing an official seal 4. Native American tribal document 5. U.S. Citizen ID Card (Form I-197) 6. ID Card for use of Resident Citizen in the United States (Form I-179) 7. Unexpired employment authorization document issued by DHS (other than those listed under List A)

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Agency Response

UTAH STATE OFFICE OF EDUCATION

Leadership. . . Service. . . Accountability

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August 19, 2008

John M. Schaff, Auditor General
Office of the Legislative Auditor General
W315 Utah State Capitol Complex
PO Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

Thank you for the opportunity to review *A Performance Audit of Adult Education Services* (Report No. 2008-09). I have discussed the audit with Adult Education leaders at the Utah State Office of Education and we will be taking immediate action on the recommendations.

Specifically, we were pleased the auditors found that:

Strong improvements in the Adult Education Program (AEP) have been made since the new director assumed leadership in 2005, and that all federal audit requirements are being addressed sufficiently.

Service duplication and gaps were not significant problems between the AEP, the Utah College of Applied Technology, and the Division of Workforce Services. Each has their distinct mission and all three entities work together collaboratively to serve individual clients well. These services are complementary rather than wasteful duplications.

The AEP funding formula rewards performance and outcomes, not just numbers of clients.

The tracking system, *UTopia*, is providing for greater accuracy and tracking.

The USOE will work immediately to address issues identified in the audit. These include:


1. Developing specific verification of residency including documentation standards and required evidence.
2. Conferring with the Utah State Board of Education on policy related to adult education and citizenship requirements.
3. Adjusting funding awards so as to award programs for a student's first high-school-equivalent completion and not duplicate funding awards for both a GED and a diploma.
4. Adjusting funding award weightings or percentages to reflect desired policy and outcomes.

John Schaff
August 19, 2008
Page 2

5. Initiating a study of outcomes to determine variability in data and program outcomes.

We appreciate the work of the auditors in this review and look forward to improvements in the Adult Education Program as a result.

Sincerely,

A handwritten signature in cursive script, reading "Patti Harrington".

Patti Harrington, Ed.D.
State Superintendent of Public Instruction