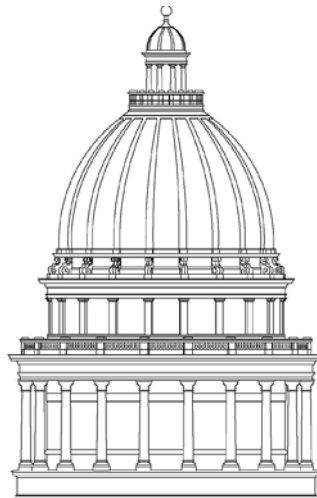REPORT TO THE

UTAH LEGISLATURE

Number 2018-06

A Performance Audit of

Selected Public Education Initiative Programs

July 17, 2018

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah

July 17, 2018

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of Selected Public Education Initiative Programs** (Report #2018-06). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of
A Performance Audit of
Selected Public Education Initiative Programs

The Utah State Board of Education (USBE) is a constitutionally established, elected, non-partisan body that exercises general control and supervision over Utah's public education system. The state board appoints the state superintendent of public instruction to administer all programs assigned to USBE. Our office was asked to review the education initiative programs. The initiatives target specific educational priorities that are of high importance to the Legislature. Three initiatives were reviewed in detail for this report: Carson Smith Scholarship Program, ProStart Initiative Funding, and UPSTART.

Chapter II
Carson Smith Scholarship Program
Needs Stronger Controls

Student Eligibility Needs to Be More Precise. The scholarship amount that students receive is based upon the recommended level of services needed. There are two scholarship levels, which align with the two special education service levels used in public education.

Our review of students with the higher scholarship level raised eligibility concerns. The number of students within the Carson Smith population who receive the Level 2 scholarship is significantly higher than the number of special education students in public education who receive a higher level of services. An education specialist in the Special Education Section at USBE with a background in school psychology reviewed 97 student files and questioned if 76 students should be on the higher level of service.

We conducted an in-depth review of 24 student files and found that only 21 percent should be receiving the higher scholarship amount. If this review holds true for all of the 76 students in question, scholarship payments should have been $200,000 less.

USBE should consider strengthening the assessment process by requiring additional local education agency (LEA) personnel to participate in the assessment team meetings, similar to the requirements for an individualized education plan (IEP) team meeting. In addition, staff from USBE's special education section should review the assessment results and request more information if there are questions.

Procedures to Award Scholarships Should Be Consistent. We reviewed 266 scholarship payments that did not align with the scholarship amount guidelines for fiscal years 2016 and 2017 to determine if these overpayments were appropriate. We found that

49 payments, totaling $94,989, were not appropriate. The improper payments are mainly a result of the following:

1. Applications or assessments did not meet scholarship deadlines (74 percent).

2. Applications submitted by the parent or guardian were not complete (14 percent).

3. Increases in scholarship amounts, due to an increase in the service level during a school year, were retroactively applied to the beginning of the school year, rather than the current school quarter (12 percent).

Staff should more carefully follow program guidelines and award scholarships consistently to ensure the program is managed equitably. The scholarship amount that students receive is based upon the recommended level of services needed. There are two scholarship levels, which align with the two special education service levels used in public education.

Parent Verification and Payment Review Process Are Ineffective. We found that the parent verification process is circumventable, and the check payment process lacks controls. The parent verification process should provide reliable verification of students' eligibility for scholarships and is important for protecting the integrity of the program. However, we found unauthorized and missing signatures on 17 percent of the verification forms and checks in the student files that we reviewed. We projected that about $387,000 was deposited without proper authorization. The parent verification process is an important control, and USBE should inform the private schools of the proper procedure and the importance of the parent verification process. USBE is revising the check payment process to avoid unauthorized endorsements on checks.

In addition, a more effective review process for scholarship payments is needed. Four staff at USBE are involved in the review process, but a control document is needed to look for improper payments. As discussed in the previous section, we found 49 examples of improper scholarship payments.

Chapter III
Controls and Oversight Over the
ProStart Program Need to Improve

ProStart Program Receives Additional State Funding Compared to Other Culinary Courses. Utah high schools have discretion over the Career and Technical Education (CTE) programs they offer, including culinary arts courses. USBE establishes academic standards for culinary arts education for the state. Schools may choose from two

approved culinary arts pathways that meet state academic standards—the ProStart program or Culinary Arts courses.

However, the ProStart program receives additional state funds compared to the Culinary Arts courses. Both ProStart and Culinary Arts courses receive state funding at the classroom level. The ProStart initiative appropriation is additional funding for the program on top of the funding already provided for classroom instruction. We surveyed four nearby states' restaurant associations and found that they do not receive a statewide ProStart appropriation like the initiative funding that goes to URA. Furthermore, the URA also received a total grant award of $29,000 in 2017 from the NRAEF, which was used for statewide administration of the ProStart program.

ProStart Participation Has Declined, Resulting in Higher Cost per Student. USBE reports that statewide student participation in the ProStart program has declined since 2011. While enrollment has decreased, the funding for the ProStart initiative has increased over time, resulting in a 133 percent increase in the cost per student. Furthermore, the URA conducts additional training and competitions beyond both the NRAEF ProStart guidelines, and surrounding states.

A Lack of Controls Results in Inconsistent Invoice Reimbursements. USBE is the pass-through entity with a fiduciary responsibility to ensure that the ProStart initiative funding is used for the intended purpose. USBE passes the funding in reimbursement form to the URA based on monthly invoices. Controls did not exist originally, with funds simply being reimbursed according to invoices. However, issues with invoices resulted in USBE reviewing the appropriateness of some of the expenditures for the program. As a result, the contract was revised to provide improved controls over expenditures. However, the controls are applied inconsistently, and some expenses lack adequate justification.

TeenChef Pro Television Program Lacks an Economic Impact Analysis. The TeenChef Pro is a reality-based television program showcasing the skills of twelve high school students who participated in the ProStart program. Administered by the URA, the TeenChef television production is not an education initiative program. The program has received a one-time appropriation each year since the program began in fiscal year 2016.

It is important to note that the program features one winner at the end of the competition. The economic benefit to the state of sponsoring the television program is not certain because the winning contestant is awarded a scholarship to an out-of-state culinary program at Johnson & Wales University (JWU) in Denver, Colorado. An economic impact analysis could better measure the benefit of the program.

Chapter IV
Focus on Low-Income Students in
UPSTART Program Is Unclear

Percentage of Disadvantaged Students Is Decreasing. The UPSTART initiative program began in 2009. Since 2015, the initiative's appropriation has increased about 2.1 times, while student participation has increased 2.8 times. While the program is meeting the low-income requirement, the population is beginning to shift to students in families with no restriction of income. When the initiative was created, UPSTART enrolled mostly students in low-income families. However, with the significant growth in students in families with no restriction of income, it is not clear if the purpose of the program is for students in low-income families. The Legislature should review the initiative and determine whether the program's focus should be on students in low-income families.

Without Verification, UPSTART Cannot Guarantee the Low-Income Requirement. The vendor collects family income and student data during the registration process for the pre-school UPSTART program. All information is self-reported by families with no verifying documentation being required. Without verification, the program cannot guarantee students meet the low-income requirement. The Office of the State Auditor has recommended that verification is needed, and we concur.

Furthermore, separate data collection by the vendor and USBE has resulted in discrepancies between the organizations. Potential changes to allow USBE to conduct the initial registration process could improve verification and data matching.

Annual Evaluations Suggest Low-Income Students Are a Key Demographic. UPSTART program evaluations have reported positive student outcomes. The evaluation methods have adapted as the program has expanded to serve more students. Key demographics, such as household income level, have been added to the treatment-control group comparison. However, family size is a demographic not included in the treatment-control comparison. The evaluator should consider adding family size to the methodology. The evaluator and advisory committee continually review the methodology, and we believe they have made positive modifications. In addition, the evaluator has used data to examine UPSTART users' performance as they progress in school.

The statute requires an annual evaluation of the program. USBE has run two requests for proposal for an evaluator, each for a five-year contract. The Evaluation and Training Institute (the evaluator) has been awarded a contract for both requests and has been the sole evaluator over the program's ten-year operation.

REPORT TO THE
UTAH LEGISLATURE

Report No. 2018-06

A Performance Audit of

Selected Public Education Initiative Programs

July 17, 2018

Audit Performed By:

Audit Manager	Darin Underwood, CIA
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	Jacob Davis

Table of Contents

Chapter I
Introduction

The Utah State Board of Education (USBE) is a constitutionally established, elected, non-partisan body that exercises general control and supervision over Utah's public education system. The state board appoints the state superintendent of public instruction to administer all programs assigned to USBE. Our office was asked to review the education initiative programs. The initiatives target specific educational priorities that are of high importance to the Legislature.

USBE Administers Education Initiative Programs

The funding for the education initiative programs has increased significantly. Since 2015, the funding has increased 109 percent. However, the number of programs operating has remained fairly consistent at about 17 per year. Education initiative programs help foster student achievement. They give teachers, parents, and students additional educational options.

Article X, Section 3 of the *Utah Constitution* places responsibility for the direction of Utah's public education system on USBE. ***Utah Code*** further details this responsibility to include administration of public education programs, specifically to produce rules and administer the various statutorily defined programs, including the education initiative programs.

Funding for Initiative Programs Has Grown Significantly

The initiative programs line item was created during the 2009 Legislative General Session and is designed to provide greater accountability and reporting on educational programs developed by the Legislature. Figure 1.1 below shows the funding history for the initiative programs.

Since 2015, the funding for initiative programs has increased 109 percent, but the number of programs operating has remained fairly consistent.
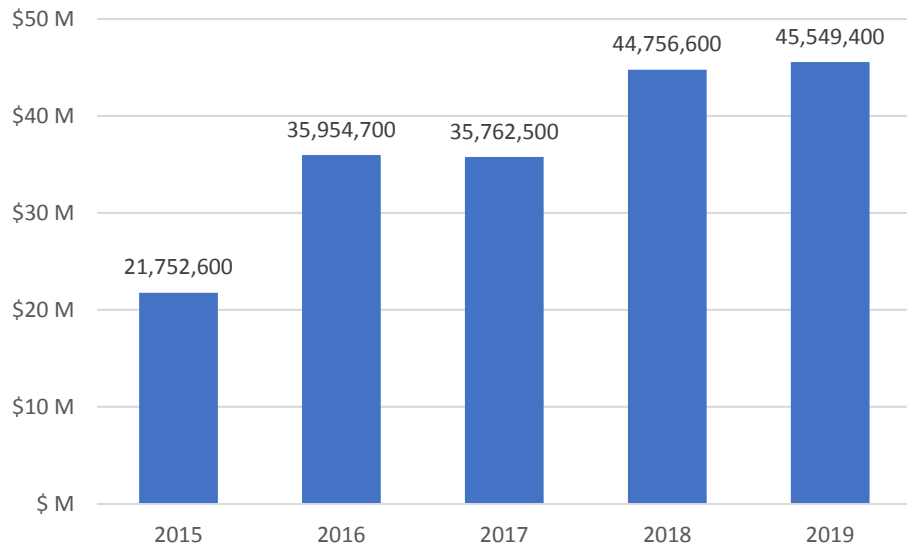
The initiative programs line item was created by the Legislature during the 2009 Legislative General Session to provide greater accountability and reporting on educational programs.

Figure 1.1 Appropriation History of Initiative Programs.
Funding for initiative programs has doubled since 2015.

Figure 1.1 shows that in the last three years the largest increase in initiative program funding occurred in fiscal year 2018. Funding increased $8.9 million that year. The initiative appropriations for fiscal year 2019 total $45.5 million, only slightly higher than 2018's $44.7 million.

Figure 1.2 shows the number of initiative programs operating each year, including the number of new programs and the number of initiatives that are no longer funded.

Figure 1.2 Count of Initiative Programs. Since Fiscal Year 2015, 11 new initiative programs have been funded.

	2015	2016	2017	2018	2019
New Initiative Programs	1	3	2	2	3
Initiative Programs No Longer Funded	0	0	4	2	0
Ongoing Initiative Programs	14	15	15	14	**16**
Total Programs Operating	**15**	**18**	**16**	**16**	**19**

Figure 1.2 shows that the number of initiative programs operating each year has remained fairly consistent, with the most in fiscal year

2019 with 19 programs operating. Since 2015, 11 new initiative programs have been created, and 6 initiatives are no longer funded.

The Goal of Initiative Programs Is to Promote Student Achievement

Education initiative programs are interventions created for several reasons, but the overall goal is to foster student achievement. Initiative programs give parents and students additional educational options. Sometimes initiative programs are developed to help fill gaps in students' educational experience. Other initiatives are designed to accelerate learning and make a difference in crucial educational areas, such as improving reading skills. Some programs, like the Carson Smith Scholarship program, focus on students with disabilities and require community engagement. Frequently, initiative programs offer unique learning products with differentiated learning activities.

Initiative programs are developed to help fill gaps in students' educational experience.

While initiative programs benefit students and can improve their educational experience, they also require significant resources, as shown in Figure 1.1. Critics of initiative programs point out that they not only stretch limited resources, but they can be a diversion from basic education programs and add complexity to the education system. In addition, evaluations of individual initiative programs are difficult, even with outcome measures, because it is difficult to isolate whether the initiative or other factors in the students' educational environment helped improve students' learning.

Evaluations of individual initiative programs are difficult because isolating the initiative from other factors in the student's educational experience is difficult.

Program Selection Process Was Necessary to Manage Audit Size

To make the audit manageable, we needed to select certain initiative programs to review. We surveyed (risk assessed) 13 initiative programs that were operating in fiscal year 2017. We did not survey the new initiative programs that were in their first year of implementation because it was too early to review outcomes. We also did not survey the programs that were no longer funded after fiscal year 2016.

We surveyed each of the 13 initiative programs to understand the purpose of the programs, to review program operations, and to determine if adequate oversight exits. We found that many of the initiative programs were well managed, had adequate oversight and

In our risk assessment, we found that many of the initiative programs were well managed, had adequate oversight and outcome measures. However, we also found concerns with a few initiative programs.

outcome measures. However, we also found concerns with a few initiative programs. Based on our initial survey of programs, we determined to review the following initiative programs:

- Carson Smith Scholarship Program. The program offers tuition assistance for eligible special education students enrolled in an eligible private school.

- ProStart Initiative Funding. The initiative funding goes toward the administration of the ProStart program for culinary arts.

- UPSTART. The initiative program is an online pre-kindergarten school readiness program.

We reviewed another initiative in a previous audit, the K-3 Early Intervention Reading Software. This initiative promotes literacy through the use of interactive computer software. The review of the K-3 Early Intervention Software initiative was included in *A Performance Audit of the History of Selected Public Education Programs* (Report No. 2017-12). We reviewed the overlap that exists among the reading programs available for students in kindergarten through third grade.

Audit Scope and Objectives

We were asked to conduct a performance audit of the initiative programs funded through public education. Three initiatives were reviewed in detail for this report: Carson Smith Scholarship Program, ProStart Initiative Funding, and UPSTART.

For each of these initiatives, the objective was to review USBE's administration of the initiatives and determine if the initiatives are operating according to applicable statutes and policies. We compared the management of the initiatives to management of similar programs in other states (where available). We also reviewed how funding for the initiatives has been expensed to determine if adequate controls exist.

Chapter II
Carson Smith Scholarship Program
Needs Stronger Controls

The Carson Smith Scholarship Program needs to strengthen procedures in three areas:

- The eligibility determination process needs to be more precise.

- Scholarships need to be awarded in accordance with the program's guidelines.

- The parent verification process needs to be followed.

First, the assessment process for eligibility determination needs to be strengthened. The eligibility determination process needs to be more robust, and the Utah State Board of Education (USBE) needs to better monitor the eligibility process. The number of students who receive Level 2 scholarships, based on a higher level of needs, is significantly higher than the number of special education students who receive the higher level of services in public education. As part of the audit, we asked an education specialist at USBE with a background in school psychology to assist us in completing an in-depth review of a sample of student files. The specialist found that only 21 percent of students with Level 2 scholarships demonstrated the required level of needs.

Second, the program needs to consistently award scholarships according to Carson Smith guidelines. We found 49 scholarship payments made over a two-year period, totaling $94,489, that did not follow program guidelines. The review process for scholarship payments is not effective, and policy and procedures need to be strengthened.

Third, the parent verification process needs to be more closely followed to protect the integrity of the program with reliable verification of the students' eligibility for the scholarships. We found unauthorized signatures and missing signatures on 17 percent of the forms we reviewed.

Our audit of Carson Smith covered fiscal years 2016 and 2017, but we also want to provide a brief history of the program. The Carson Smith Scholarship Program is administered by the USBE Special Education Services Section. The legislation creating this program was signed into law in 2005. The purpose of the program is to provide a parent-choice model for Utah residents for tuition assistance. The scholarship is for students who would qualify for special education and related services in public schools, preschool through 12th grade (3-21 years of age), whose parents choose an eligible private school rather than a public school. Figure 2.1 shows the funding history for the past four years.

Figure 2.1 Carson Smith Funding History. This figure shows the funding history for the program for four fiscal years.

Program Participation	2015	2016	2017	2018
Carryforward	$ 796,726	$ 849,506	$ 1,080,965	$ 54,068
New Appropriation	3,995,800	4,749,200	4,002,400	5,935,800
Total Available Funding	**4,792,526**	**5,598,706**	**5,083,365**	**5,989,868**
Scholarships Distributed	(3,825,918)	(4,406,764)	(4,946,740)	(5,687,734)
Administrative Costs	(117,465)	(110,977)	(82,557)	(78,182)
Ending Balance	**$ 849,143**	**$ 1,080,965**	**$ 54,068**	**$ 223,951**

Source: USBE
Notes: (1) There is a discrepancy of $363 between the ending balance in 2015 and the beginning balance 2016. (2) The expenses for 2018 are as of May 2018.

New applications are subject to a random lottery each quarter of the school year. In past years, funding has been adequate to meet all new applications and cover administrative costs without conducting a lottery. The third quarter of the 2017-18 school year was the first time that a lottery was implemented, and 21 new applicants were not funded. However, during the 2018 General Session, the program received a supplement of $200,000 for fiscal year 2018 (included in the new appropriation of $5,935,800). This appropriation was used to award the 21 new applicants a scholarship for the fourth quarter of 2018. In addition, all new applicants in the fourth quarter received a scholarship.

The number of scholarship recipients is based on the funding available for the program and other factors such as the scholarship amount. Figure 2.2 shows the number of scholarship recipients since 2015, and the number of private schools participating in the program.

Figure 2.2 History of Scholarship Recipients. The number of recipients has increased 22 percent since 2015.

	2015	2016	2017	2018
Count of Pre-K Recipients	N/A*	82	109	83
Count of K-12 Recipients	803	825	880	895
Total Recipients	**803**	**907**	**989**	**978**
Private Schools Participating	**43**	**44**	**48**	**55**

Source: USBE
*Pre-K scholarships were not authorized and funded until fiscal year 2016.

During the 2015 General Session, the Legislature authorized Pre-K scholarships for children ages 3 to 5 who attend preschool. These scholarships have contributed to the increased total number of scholarship recipients. Also, the number of private schools participating in the program has increased. Private schools have to submit an application and be approved by USBE staff to be eligible to receive a scholarship for a Carson Smith recipient.

Student Eligibility Needs to Be More Precise

The scholarship amount that students receive is based upon the recommended level of services needed. There are two scholarship levels, which align with the two special education service levels used in public education.

Our review of students with the higher scholarship level raised eligibility concerns. The number of students within the Carson Smith population who receive the Level 2 scholarship is significantly higher than the number of students in special education in public education who receive a higher level of services. An education specialist in the Special Education Section at USBE with a background in school psychology reviewed 97 student files and questioned if 76 students should be on the higher level of service.

We conducted an in-depth review of 24 of these students and found that only 21 percent should be receiving the higher scholarship

amount. If this review holds true for all of the 76 students in question, scholarship payments should have been $200,000 less.

USBE should consider strengthening the assessment process by requiring additional local education agency (LEA) personnel to participate in the assessment team meetings, similar to the requirements for an individualized education plan (IEP) team meeting. In addition, staff from USBE's special education section should review the assessment results and request more information if there are questions.

To determine program eligibility for a student without a current public school IEP, an assessment team must meet and complete an assessment team meeting record (ATMR). The assessment team answers the following questions:

- Can it be readily determined with reasonable certainty that the student has a qualifying disability listed in statute?

- Would the student qualify for special education services if enrolled in a public school?

- For purposes of establishing the scholarship amount, what is the appropriate level of special education services that would be provided if the student enrolled in a public school? (Level 1 is 1 to 179 minutes a day for a full-day student, and Level 2 is 180 or more minutes per day.)

Assessment teams evaluate students receiving the scholarship for the first time. Students are also evaluated every three years to determine continued eligibility for the program. The team determines the level of special education services a student would be provided in a public school, which establishes the student's scholarship amount.

Review of Students with Higher Service Level Raises Eligibility Concerns

We gathered the disability information for the students participating in the scholarship program for fiscal year 2017. This information consisted of the type of disability and level of service needed for each student. An assessment team reviews the diagnosed disability and establishes the appropriate level of special education

<div style="margin-left: 40px;">

The program requires an assessment team review of a diagnosed disability for any student seeking eligibility who does not already have a current individualized education plan (IEP).

Special Education's two service levels for full day students are: Level 1 (less than 179 minutes a day), Level 2 (180 minutes or more a day).

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A Performance Audit of Selected Public Education Initiative Programs (July 2018)

services that would be provided if the student enrolled in a public school.

We found that 373 students, or 38 percent of all students in the program, were designated as Level 2, the higher level of service. However, in public education, only 10.8 percent of students statewide are a Level 2. It is concerning that the scholarship program has such a high percentage of students at Level 2 as compared to the percentage found in public education.

A USBE education specialist with a background in school psychology reviewed the diagnosed disabilities of 373 students on Level 2. She was also concerned with the number of students (26 percent) on Level 2 who were diagnosed with a specific learning disability (SLD), other health impairment (OHI), and speech language impairment (SLI). Figure 2.3 shows the percentage of public education students on Level 2 with OHI, SLD, or SLI, compared to the percentage of students within the Carson Smith scholarship population on Level 2 with the same disabilities.

<div style="float:right; border:1px solid; padding:5px; width:30%">
For fiscal year 2017, there were 373 students, 38 percent, that were Level 2 in Carson Smith. In public education, only 10.8 percent of students statewide were Level 2.
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Figure 2.3 Comparison of Certain Level 2 Students Between Public Education and Carson Smith Populations. The scholarship program has 97 students receiving Level 2 special education diagnosed with OHI, SLD, or SLI.

Disability	Public Education	Carson Smith	Carson Smith Count Level 2/Level1
Other Health Impairment (OHI)	13%	34%	(48/93)
Specific Learning Disability (SLD)	3	15	(42/235)
Speech Language Impairment (SLI)	2	4	(7/168)

Source: USBE

In Utah, only a small percentage of public education students with OHI, SLD, and SLI disabilities receive Level 2 services. The percentage of students within the scholarship program's population receiving Level 2 services is significantly higher. After reviewing files from the 97 students in the Carson Smith program who receive Level 2 scholarships and have OHI, SLD, and SLI disabilities, the education specialist questioned whether 76 of those students should be on Level 2.

<div style="float:right; border:1px solid; padding:5px; width:30%">
After reviewing 97 students' files at USBE on Level 2, an education specialist questioned if 76 of those students should be on Level 2.
</div>

From this group of 76 students, the psychologist then conducted an in-depth review of 24 students' assessment data at three different school districts and found the following:

- Five students (21 percent) should be receiving Level 2 services.
- Ten students (42 percent) should likely be receiving Level 1 services.
- Five students (21 percent) should not likely be needing special education services.
- Four students (17 percent) were missing assessments in the school districts' files.

Based on the 20 assessments that we could locate, 15 students, or 75 percent, should probably not be receiving Level 2 services.

It was alarming that only five of 24 students should likely be receiving Level 2 services. In addition, another five students probably do not need any special education services, and assessments for four of these students stated that the students' disabilities would not affect their education in a significant way.

For example, one assessment stated, "It appears that [student] does not meet eligibility requirements for special education." Another assessment stated that "[student] appears to have the cognitive abilities [the student] needs to be successful in school." The findings of this review also raise the question of whether all Level 1 students need special education services. The number of missing assessments was also concerning. USBE sends Carson Smith program guidelines to the participating school districts. According to these guidelines, districts are supposed to retain documentation of the meetings held and decisions made for each student. However, four students from the in-depth review did not have assessments in their files.

If the results of the in-depth review of the 24 student assessments holds true for the 76 in question (assuming those missing assessments should be on Level 2), then the scholarship payments would have been $200,000 less than what was actually paid in fiscal year 2017. This dollar amount would probably have been larger if we had considered all 373 students on Level 2. However, we were hesitant to project this cost to the entire Level 2 population because the 373 students had 12 different disability classifications for 2017. It would not be an accurate projection to include disability classifications that we did not review.

We only reviewed the files of the 97 students with OHI, SLD, and SHI classifications. However, based on our audit work, we clearly believe that students' eligibility should be more closely scrutinized.

Assessment Process Should Be Strengthened

According to *Utah Code* 53F-4-301 and the guidelines sent by USBE to the LEAs and private schools, each assessment team should include the following individuals:

- The student's parent/guardian
- The private school administrator or classroom teacher
- The special education personnel from the LEA where the private school is located
- The special education personnel from the private school where the student is enrolled (if available)

In a review of 207 ATMR records, we found that 54 percent of the assessment team meetings consisted of three people: (1) the student's parent, (2) a representative from the private school (usually the director) where the student is attending, and (3) a representative from the LEA.

Of 207 assessment team meetings only 54 percent consisted of three people, underrepresenting the LEA.

In the same review, only 39 percent of the ATMRs recorded the presence of a teacher from the private school in the meeting. In a few instances, the LEA included a school psychologist or another representative. However, LEA representation on the teams was frequently only one person, according to the ATMR records in the student files.

In addition, two LEA representatives told us that they have felt pressure in the team meetings, from private schools and occasionally from parents, to qualify students. Having only one LEA representative on the assessment team may correlate to the increasing number of students being recommended for a higher level of special education.

The Assessment Team Needs to Be Enhanced. USBE should strengthen the assessment process by requiring the assessment teams to include additional LEA personnel, similar to the makeup of an IEP team. IEP teams consists of (1) the parent, (2) an LEA representative, (3) a special education teacher, (4) a general education teacher, (5) related servers as needed such as a speech language pathologist, an

The assessment process should require additional LEA personnel to participate in the assessment team meetings, similar to the IEP team meeting.

occupational therapist, or a physical therapist, and (6) a person who is qualified to interpret the assessment data, such as a school psychologist.

For the assessment team, the general education teacher—or another representative—would be from the private school. However, the other team members should be LEA staff from the district where the private school is located. A strong LEA assessment team would help ensure that the student is eligible for the program.

We contacted five other states with similar scholarship programs. We learned that they require an IEP or an assessment completed by an LEA assessment team that is similar to an IEP team.

ATMR Review Process Should Be Strengthened Internally. The education specialist with a background in school psychology recommends that assessment results be included on the application or ATMR form; these results should include justification about why the team is recommending the level of needed service. She also recommends that staff from USBE's special education section review each application and ATMR and request more information if there are questions.

USBE should consider the strategies just mentioned to ensure that students qualify for the program. As part of strengthening the program's procedures, USBE should ensure that the service level that students receive is accurate.

Procedures to Award Scholarships Should Be Consistent

We reviewed 266 scholarship payments that did not align with the scholarship amount guidelines for fiscal years 2016 and 2017 to determine if these overpayments were appropriate. We found that 49 payments, totaling $94,489, were not appropriate. The improper payments are mainly a result of the following:

1. Applications or assessments did not meet scholarship deadlines (74 percent).

2. Applications submitted by the parent or guardian were not complete (14 percent).

3. Increases in scholarship amounts, due to an increase in the service level during a school year, were retroactively applied to the beginning of the school year, rather than the current school quarter (12 percent).

Each of these three reasons is discussed in greater detail in this section of the report.

Staff should more carefully follow program guidelines and award scholarships consistently to ensure the program is managed equitably. Figure 2.4 shows the number of incidents and the improper payment amounts for fiscal years 2016 and 2017.

Figure 2.4 Improper Scholarship Overpayments. We found examples of inconsistent procedures that resulted in improper scholarship payments for students.

Fiscal Year	Number of Incidents	Improper Payments
2016	31	$ 67,885
2017	18	26,604
Total	49	$ 94,489

Source: Auditor analysis

The figure shows that the amount of improper payments did decrease by 61 percent in fiscal year 2017.

1. Applications or Assessments Did Not Meet Deadlines to Be Eligible for a Scholarship

For each quarter of the school year, deadlines are established for submitting applications and assessments. For example, to have been eligible for the first quarter in fiscal year 2016, an application had to be submitted by August 17, 2015. The assessment had to be completed 45 business days later, by October 16, 2015. If those deadlines were not met, the student was not eligible for a scholarship until the next quarter.

In many instances, the deadlines were followed; however, we also found examples where they were ignored. For example, an application for a scholarship was received December 17, 2015. The application deadline for the third quarter was November 13, 2015, so the student was eligible for the fourth quarter. A check was not issued for the third quarter, but the check for the fourth quarter was issued for

$2,319, which included the scholarship amount of $1,159.50 for the third quarter.

The assessment deadline was listed on the schedule for fiscal year 2016, but it was not on the schedule for fiscal year 2017. However, the program manager at that time said even though it was not specifically listed, she followed the same 45-day practice in 2017. As long as the assessment was completed within 45 days, then the scholarship was paid for that quarter. The program manager makes the decision to award scholarships, but we found the previous manager did not always follow the guidelines.

The assessment deadline was not always followed. For example, an application was received on August 22, 2015, in time for the first quarter. However, the assessment was not received until December 8, 2015, after the second quarter deadline. However, the scholarship amount totaling $2319.00 was paid for in the second quarter— $1,159.50 for the first and second quarter.

Although paying for previous quarters can violate program guidelines, as shown in the previous example, it can also serve a valid purpose. This practice allows scholarship payments to cover days enrolled in a private school before a disability has been determined.

For example, an application to participate in the program was received on January 4, 2017, which met the third quarter deadline of January 9. The student began attending a private school in the third quarter. The student assessment to determine the disability was completed on February 24, 2017. The assessment was completed within 45 days of the application date, so the student was eligible for the third quarter. When the check was processed for the fourth quarter, the total was $3,980, because it included the scholarship amount for the third quarter of $1,990, as well as the fourth quarter. While this practice has a purpose, it also allows scholarship payments to be different than the award amounts and makes reviewing payments for accuracy more difficult.

We contacted five other states with similar programs. All five offices stated that the assessment is part of the application process, and students are not considered for a scholarship if the application, which includes the assessment, is not complete. Three of the five states we contacted only have an open enrollment period once a year, which

The practice of accepting late assessments allows scholarship payments to cover days enrolled in a private school before a disability has been determined.

Five programs in other states stated the assessment is part of the application process, and students are not considered for a scholarship until the application is complete.

may be more efficient than Utah's quarterly enrollment periods. It is also interesting to note that only one of the five states allows for non-public school service plans for students already attending a private school. Other states usually only offer scholarships to students who have been attending public schools.

2. Applications Submitted by the Parent or Guardian Were Not Complete

The scholarship application requires general information, including the student's name and address, and the name of a parent or guardian. The application also has eligibility requirements, including proof of residency and age, and proof of student enrollment or admission into an eligible private school.

We found several instances where students received scholarships even though their applications were incomplete. For example, one student's application was submitted in November 2015, but the proof of age (birth certificate) was not submitted. However, the student received the scholarship for the third and fourth quarters of fiscal year 2016, totaling $2,319.

In a few cases, proof of eligibility was submitted later, but the student was awarded the scholarship during the time in which the application was incomplete. For example, an application for a scholarship was submitted in October 2016, but proof of guardianship was not submitted until March 2017. The student was eligible to receive a scholarship for the fourth quarter, but a scholarship amount totaling $3,980 was awarded for the second and third quarters combined, when the application was not complete.

We believe scholarships should not be awarded until the required information for an application has been submitted. It is not equitable to parents and families who follow the guidelines and complete their applications, especially in a lottery system.

3. Scholarship Amounts from Service Level Change Increases Have Sometimes Been Retroactively Applied

The third reason for improper payments is due to service level changes. During a school year, sometimes recipients of a scholarship can be reassessed. A new assessment may cause a student's service level

> **Instances occurred where a student received a scholarship, but the application was not complete. For example, one student's application was submitted, but was missing proof of age (birth certificate).**

> **In some cases, proof of eligibility was submitted later, but the student was awarded the scholarship before the application was complete.**

> **Sometimes recipients' eligibility is reassessed, resulting in an increased service level and increased scholarship amount.**

to increase; as a result, the student's scholarship amount increases. Figure 2.5 shows an example of the funding schedule by service level.

Figure 2.5 Funding Schedule for FY 2016. Scholarship amounts are based on needs outlined in the assessments or IEP.

Full-Day K-12 Scholarships		
Qualifying Minutes	**Quarterly Scholarship**	**Annual Scholarship**
1-179 minutes per day service level	$ 1,159.50	$ 4,638.00
180 or more minutes per day service level	$ 1,932.50	$ 7,730.00
Part-Day Preschool or Half-Day Kindergarten Scholarship		
1-89 minutes per day service level	$ 637.72	$ 2,550.90
90 or more minutes per day service level	$ 1,062.87	$ 4,251.50

Source: USBE
Note: The scholarship amount is not to exceed the private school's tuition and fees.

For example, a first-grade student on a lower service level receiving 1-179 minutes per day receives a scholarship of $1,159.50 per quarter. However, if a new assessment increased the daily service level to 180 minutes or more, the scholarship would increase by $773 per quarter to $1,932.50.

The program management system that distributes the scholarships is flawed because it is not able to automatically begin paying the higher service level amount when a new assessment is completed during the school year. The system pays the higher service level amount back to the beginning of the school year, unless a staff member catches the service level change and manually changes it in the system. We recommend that the program management system be updated to correct this flaw.

We found examples in both fiscal years 2016 and 2017 where increased service level changes were back paid to previous quarters. In fiscal year 2016, one student was an ongoing recipient of the award from the previous year. The new student assessment was completed in January 7, 2016, which increased the service level to 180 or more minutes per day. When the check was written and distributed for the third quarter, the system back paid the scholarship amount for the higher service level for both the first and second quarters, before the new assessment was completed. This additional amount totaled $1,546, an increase of $773 per quarter.

In another example from fiscal year 2016, a student who was an ongoing award recipient received additional funds for previous quarters. The check history shows that a check written and distributed in the third quarter back paid the scholarship amount for the higher service level for both the first and second quarters, totaling $1,546 ($773 per quarter). However, there was no date of the new assessment in the system, and there was no ATMR in the file showing the change to a higher service level.

Staff need to carefully review check amounts before they are distributed to ensure that overpayments are caught. (The review process will be discussed in the last section of this chapter.) We recommend that USBE update the Carson Smith program management system to prevent back paying scholarships when an increase in a student's service level occurs.

In addition to the three reasons for overpayment described in this section of the report, we found two other reasons. For one student, an ATMR was not submitted, and there was no record of an IEP verifying that the student had a disability. The student's application was submitted in October 2015, and the student has been awarded a scholarship since then. The total amount awarded to the student since October 2015 is $11,616. Also, this student's application is not complete, as a proof of residency was not provided.

A preschool student was awarded a Pre-K scholarship for $2,550.90; however, the student received the K-12 scholarship amount of $4,638. The student also missed the deadline for the first quarter of the year, but the scholarship of $1,159.50 was paid for the first quarter.

Parent Verification and Payment Review Processes Are Ineffective

We found that the parent verification process is circumventable, and the check payment process lacks controls. The parent verification process should provide reliable verification of students' eligibility for scholarships and is important for protecting the integrity of the program. However, we found unauthorized and missing signatures on 17 percent of the verification forms and checks in the student files that we reviewed. We projected that about $387,000 was deposited without proper authorization. The parent verification process is an

important control, and USBE should inform the private schools of the proper procedure and the importance of the parent verification process. USBE is revising the check payment process to avoid unauthorized endorsements on checks.

In addition, a more effective review process for scholarship payments is needed. Four staff at USBE are involved in the review process, but a control document is needed to look for improper payments. As discussed in the previous section, we found 49 examples of improper scholarship payments.

Parent Verification Process Can Be Circumvented

As part of our review of the Carson Smith Scholarship Program, we looked at the payment and parent/guardian verification process. The purpose of the process is to make scholarship payments to the private schools and to verify the following:

- The student continues to be enrolled at a private school.
- The private school has received the check and the parent/guardian has endorsed it to the school for deposit.
- The student's authorized parent/guardian contact information is correct.

The verification form (VRD) certifying a student's continued enrollment and other important elements is sent to the private schools to be signed by the authorized parent/guardian.

The verification form (VRD) certifying the elements that must be signed by the authorized parent/guardian is sent to the private school, along with the scholarship payment check. Once signed, the private school sends the VRD back to USBE to review and record it. Figure 2.6 shows the payment and parent verification process. The payment process is outlined in statute, which USBE has been following.

Figure 2.6 Payment and Parent Verification Process. USBE has limited control over the parent verification process because it is primarily completed at the private school.
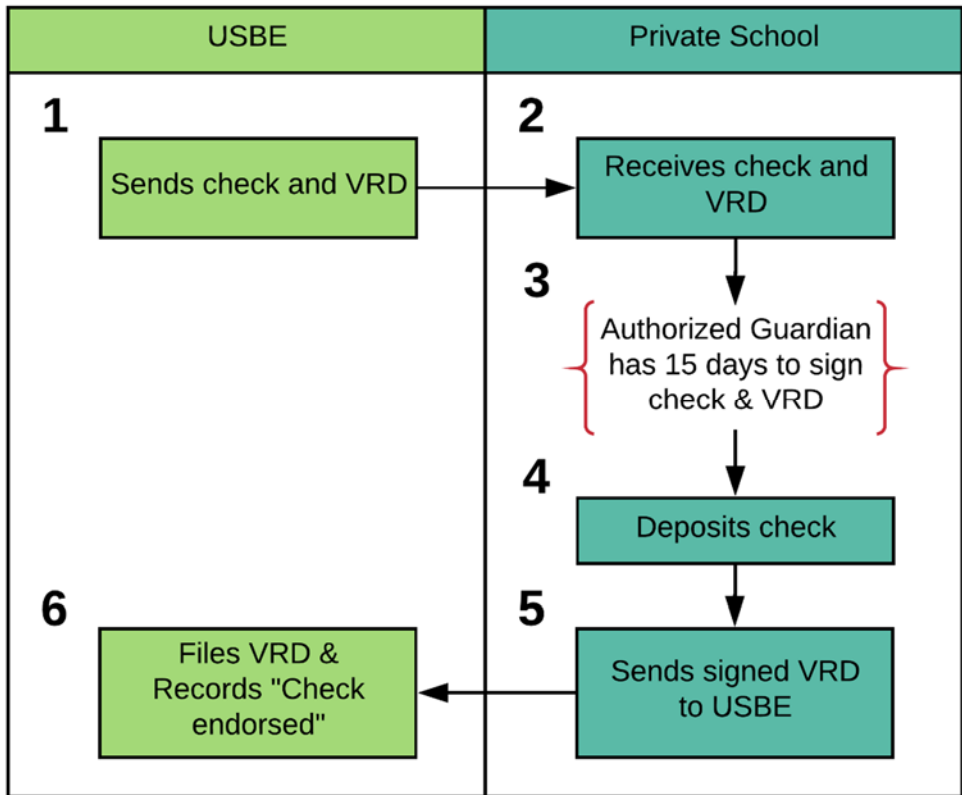
Source: USBE

As Figure 2.6 shows, USBE sends the check and the VRD to the private schools at the beginning of each school quarter. The authorized parent/guardian has 15 days to endorse the check to the private school for deposit. The parent also reviews and updates the student's information (if needed) on the VRD.

To review this parent verification process, we selected a statistically valid sample of student records (at the 95 percent confidence level) to determine if parents were accurately completing the verification process. Our stratified random sample consisted of 123 students enrolled at 21 different private schools in fiscal year 2017. We reviewed the student files by comparing the parent/guardian signature(s) on the original application and the ATMRs to signatures on the VRDs and checks. We only counted a signature on the VRD and checks as unauthorized if it was significantly different from the signatures on the application and ATMRs. We found issues with 21 of

The parent also reviews and updates the student's information on the verification form (VRD).

We selected a statistically valid sample of 123 students enrolled at 21 private schools to determine if parents were accurately completing the verification process.

the 123 student files, or 17 percent. Figure 2.7 shows the results of the review.

Figure 2.7 Summary of Payment and Verification Review. We found that 17 percent of the student files had checks and VRDs in fiscal year 2017 that appear to lack appropriate authorization.

Concern	Count
Unauthorized Signature (Check & VRD)	14*
Unauthorized Guardian Signature (Check & VRD)	12
Missing Signature (Check & VRD)	4
Total Count of Check and VRD Concerns	**30**
Total Count of Student Files with Concerns	**21**
Total Student Files Reviewed	**123**

Source: Auditor review
*One unauthorized signature is on the check only; the VRD had no concerns.

Figure 2.7 shows that 14 checks and VRDs had unauthorized signatures, 12 had an unauthorized guardian sign the checks and VRDs, and four VRDs were sent to USBE without a signature.

In fiscal year 2017, the total amount of scholarship funds deposited without proper authorization for the 21 students was $48,149. Since this was a statistically valid sample, we projected that if all 989 student files were reviewed for fiscal year 2017, potentially $387,000 was deposited without proper authorization. In addition, we also reviewed all other VRDs in the 123 student files from other years and found that 52 VRDs had inappropriate or missing signatures. The 52 VRDs totaled $87,535 in scholarship payments.

USBE Should Ensure Proper Authorization of VRDs. The integrity of a student's eligibility and information can be compromised with unauthorized signatures on VRDs. A signed VRD by the parent/guardian confirms to USBE that the student is enrolled in the private school and that the student's information is correct.

USBE should instruct private schools to ensure that the authorized parent/guardian is signing the VRDs. In a review of other states with similar scholarship programs, we found one state that has an online portal where parents can verify their child's attendance and other relevant information. USBE may want to consider a similar system in the future to help ensure that the verification process will not be circumvented. Private schools in Utah access a USBE online portal

In fiscal year 2017, the total amount of scholarship funds deposited without proper authorization on 30 VRDs and checks for students (from a sample of 123 student files) was $48,149.

The integrity of a student's eligibility and information can be compromised with unauthorized signatures on verification forms (VRDs).

where they verify a student's enrollment, grade level, and tuition amount, but no online portal exists for parent/guardian verification.

Scholarship Application Form Needs Clarification. The application instructions cause confusion. USBE addresses the VRDs to the authorized parent/guardian but mails them to the private schools. The information on the application should be clear, so that when VRDs are created, they are addressed to the authorized parent/guardian(s).

The application instructions need to clarify that the authorized parent/guardian(s) is determined by the parent/guardian signatures, in conjunction with the printed name(s) in the parent/guardian name box on the application. A second signature line should be added on the application, to provide for the circumstance where two parent/guardian(s) want to be authorized signers for the student. If there are two signatures on the application, USBE should ensure VRDs are addressed to indicate that both signatures are authorized. Unauthorized parent/guardian signatures should decrease with changes to the application form and instructions to the parent/guardian.

The Current Check Payment Process Is Being Revised. While we found checks with unauthorized signatures, the money is being deposited at the private schools. Also, S.B. 153, passed in the 2018 General Session, allows USBE to revise the check payment process. During the audit, USBE told us they are planning to change the process and have the checks addressed to the private schools. This will eliminate the concern of having unauthorized check endorsements by the parents.

USBE told us they are planning to change the check distribution process and have the checks addressed to the private schools. This will eliminate the concern of having unauthorized check endorsements by parents.

Review Process for Scholarship Payments Is Not Effective

We observed the review process for scholarship payments twice. A more effective and efficient review process is needed, including a control document to compare against the check amounts.

New applications are subject to a random lottery, one preceding each quarter of the school year. The lottery determines who is eligible to receive a scholarship if the number of applicants exceeds the funding available. A random lottery only occurred once, for the third

quarter in the 2017-18 school year. In previous quarters, all qualifying applicants received scholarships.

After the program staff determine the qualifying applicants, a report is created showing all students who will receive scholarships for the upcoming quarter. The report lists important information about those who will receive scholarships. The report shows each student's name, the private school's name, the private school's tuition, USBE's accounting codes from where the funds will be paid, and the check amount.

The report is reviewed by four different staff at USBE. Following the review, the report is sent to the Division of Finance, and the checks are written. USBE then distributes the checks to the private schools where the students attend.

Four different individuals at USBE review the report, in the following order:

- The section accountant
- The student support supervisor
- The support services coordinator
- The lead accountant

Four individuals at USBE review quarterly payment reports, which is inefficient because they all review the same information.

After the report is reviewed, it is forwarded to the next person. We shadowed the review process for two quarters and observed that all four individuals who review the report look at the same information, making sure that the correct accounting codes are being used to fund the scholarships. The lead accountant does look at the total amount being disbursed to ensure that amount does not exceed the program's budget. Two reviewers stated that this review process is not clear. None of the four reviewers conduct a detailed review of all the individual check amounts that are going to be distributed that quarter.

A more effective and efficient review process is needed, such as a control document to compare against the check amounts.

From our perspective, it does not make sense to have four different individuals review this report, unless each individual has a specifically defined role. Also, one person who reviews the report should do an in-depth review of check amounts that are different from scholarship amounts to make sure overpayments are not occurring, considering that we found $94,000 of inappropriate payments over a two-year period. In addition, the reviewers have no comparison document to determine if check amounts are correct. A more effective and efficient

review process is needed, such as a control document to compare against the check amounts.

We believe the Carson Smith program needs to strengthen procedures before the program is given additional funding for growth. The assessment process for eligibility determination needs to be strengthened. The program needs to award scholarships following established guidelines and policies. The parent verification process needs to be followed to preserve the integrity of the program, and a more effective review process for scholarship payments is needed.

Recommendations

1. We recommend that the Utah State Board of Education strengthen the Carson Smith Scholarship Program's eligibility process by requiring the following:

    - The assessment team should include additional LEA professionals.

    - Assessment results should be included on assessment team meeting records (ATMRs).

    - ATMRs should be reviewed internally by staff with expertise in special education.

2. We recommend that the Utah State Board of Education follow consistent procedures to award scholarships for the Carson Smith Scholarship Program.

3. We recommend that the Utah State Board of Education update the Carson Smith Scholarship Program's management system to prevent back paying scholarships when an increase in a student's service level occurs.

4. We recommend that the Utah State Board of Education instruct private schools to only allow an authorized parent/guardian to review and sign verification forms.

5. We recommend that the Utah State Board of Education improve its review process for the quarterly scholarship payments for the Carson Smith Scholarship Program by having one person conduct an in-depth review of check amounts to ensure amounts are correct.

Chapter III
Controls and Oversight Over the ProStart Program Need to Improve

We reviewed the use of initiative funding for the ProStart culinary arts program and found the following:

- The initiative funding is additional funding for ProStart beyond state and federal funding already provided at the classroom level.

- The initiative funding has increased while enrollment in the program has decreased for the past several years.

- Controls over how the initiative funding is used can improve.

In addition to ProStart, we also reviewed the TeenChef Pro television program that is administered by the URA. The television program lacks an economic impact analysis.

The Utah ProStart culinary program receives funding at the district level for classroom instruction. In addition, the Utah Restaurant Association (URA) receives a ProStart initiative appropriation to assist with statewide program administration. This initiative appropriation is additional funding for the ProStart program in addition to the funding already provided for classroom instruction. The allocation has increased in recent years, even as program participation has declined according to USBE. The Legislature should consider reviewing the level of funding for the ProStart initiative.

The Utah Restaurant Association (URA) receives the ProStart initiative appropriation to assist with the administration of the program statewide.

The Utah State Board of Education (USBE) reimburses the URA for expenses related to the program from the legislative appropriation. The URA provides monthly or bi-monthly invoices to USBE for reimbursement. Insufficient controls exist over how funds are used. Some submitted invoices for expenses lacked justification or were inconsistently categorized. USBE needs to better monitor expenses, require justification for all expenses, and apply the state's per-diem rates for all dining expenses.

The URA also receives state funding to assist in the production of a local television reality program called TeenChef Pro. Unlike ProStart, TeenChef Pro is not an education initiative program. The

economic impact of the funding is unknown. The Governor's Office of Economic Development (GOED) should require URA to provide them with an analysis of the economic impact of the program. Other states do not produce a television program for ProStart students.

The ProStart program is a certificate-based culinary arts curriculum operated by the National Restaurant Association's Educational Foundation (NRAEF). The program is offered in all 50 states in partnership with state restaurant associations. The URA oversees the program in Utah. Individual schools may choose to offer ProStart to teach culinary arts, but it is not a required curriculum. Schools may also choose to offer a culinary arts curriculum through the state's Career and Technical Education (CTE) program.

This audit is not about ProStart program operations, but the use of the ProStart initiative funding. However, as background information the Utah ProStart program began in 1996 with strong education and industry support. The URA reports the program has been successful in training many students in a high-quality culinary curriculum and providing certifications for skills learned. The program's curriculum is supported by USBE and many local education agencies (LEAs) as a way for students to gain the necessary skills to further their education or find employment in the culinary industry.

The ProStart Program Receives Additional State Funding Compared to Other Culinary Courses

Utah high schools have discretion over the Career and Technical Education (CTE) programs they offer, including culinary arts courses. USBE establishes academic standards for culinary arts education for the state. Schools may choose from two approved culinary arts pathways that meet state academic standards—the ProStart program or Culinary Arts courses.

However, the ProStart program receives additional state funds compared to the Culinary Arts courses. Both ProStart and Culinary Arts courses receive state funding at the classroom level. The ProStart initiative appropriation is additional funding for the program on top of the funding already provided for classroom instruction. We surveyed four nearby states' restaurant associations and found that they do not receive a statewide ProStart appropriation like the initiative funding that goes to URA. Furthermore, the URA also

The ProStart program is a culinary arts curriculum operated by National Restaurant Association's Educational Foundation (NRAEF), and administered by state restaurant associations.

ProStart is available in all fifty states. But, of the four nearby states we surveyed, none receive a statewide ProStart appropriation.

received a total grant award of $29,000 in 2017 from the NRAEF, which was used for statewide administration of the ProStart program.

Both Culinary Arts and ProStart Meet Academic Standards

The curriculum for both ProStart and Culinary Arts courses meet state academic standards. Schools can choose to offer either option if sufficient student interest exists. ProStart offers two courses for culinary credit and certification. The courses do not have to be taken in order. The Utah ProStart program consists of 51 high schools, with some districts combining the course for multiple high schools. The Culinary Arts courses are offered in 47 high schools, slightly less than ProStart.

Similarly, schools that choose the Culinary Arts curriculum have two courses that meet state requirements. One course is culinary arts, and the second course, culinary management, was added in the 2016-2017 school year.

Both the ProStart and Culinary Arts pathways are considered an educational benefit to the student. Students that participate in either curriculum will learn necessary skills to further their education or find employment in the culinary industry.

ProStart Initiative Appropriation Has Increased 48 Percent Since 2011

Courses in the culinary arts, including ProStart, fall under the career and technical education (CTE) department at the various LEAs. All courses classified as a CTE curriculum receive funding from the weighted pupil unit (WPU), CTE add-on funds, and the federal Perkins grant. State and federal funding is awarded at the LEA level. Figure 3.1 shows the state and federal funding sources for the Culinary Arts courses and the ProStart program, as well as additional funding sources for ProStart.

Secondary schools can choose to offer either the ProStart program or Culinary Arts courses.

Students that participate in either ProStart or Culinary Arts will learn the necessary skills to further their education.

Figure 3.1 Funding Sources for Culinary Arts courses and ProStart. ProStart has access to additional URA funding sources and the state's initiative funding.

Culinary Arts	ProStart Program
WPU	WPU
CTE add-on	CTE add-on
Federal Perkins Grant	Federal Perkins Grant
	Industry Support *
	NRAEF National Grant
	State Initiative Funding

* The Utah Restaurant Association provides support through fundraising and in-kind donations.

The ProStart program receives an annual legislative appropriation through the ProStart Initiative that the Culinary Arts courses do not receive. This appropriation is provided to the URA for ProStart program administration in the state. USBE is designated as the pass-through entity with a fiduciary responsibility to ensure the allocation is used for the intended purpose. The agency provides reimbursements to the URA throughout the fiscal year based on monthly invoices. Figure 3.2 shows the funding history for the ProStart Initiative.

Figure 3.2 ProStart Initiative Funding History. This figure shows that funding for the initiative has increased 48 percent since 2011.

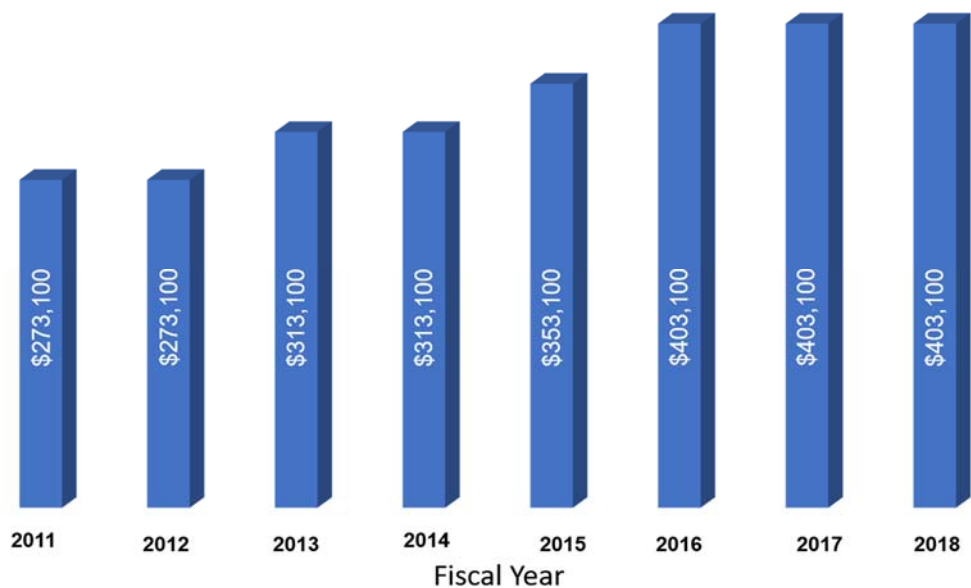| Fiscal Year	
2011	$273,100
2012	$273,100
2013	$313,100
2014	$313,100
2015	$353,100
2016	$403,100
2017	$403,100
2018	$403,100

Figure 3.2 shows that the funding level has remained the same for the past three years, with increases in prior years. The URA counts the

number of schools in the program and has requested increases in funding from the Legislature as more schools have participated in the program. The URA reports that the number of ProStart schools has grown from 29 high schools in 2011 to 51 high schools in 2017.

However, student enrollment varies by high school. Some larger high schools have multiple ProStart classes with the maximum number of students attending. Some high schools only have a few students participating in the program. In those cases, a technical education center will hold ProStart coursework for multiple high schools. For example, the Granite Technical Institute holds a ProStart program for 8 high schools within the Granite School District. USBE reports this as one program serving multiple high schools, while the URA reports the individual high schools within the district. USBE reports that 36 ProStart programs are operating in Utah. For this audit, we used the number of students participating in ProStart as the basis for our analysis, and USBE agrees with this approach.

Nearby States Do Not Provide Funds to Restaurant Associations for Statewide ProStart Administration

The ProStart program is a national curriculum with a presence in all 50 states. The implementation and support the program receives vary by state. We interviewed the director of ProStart programs at the National Restaurant Association Educational Foundation (NRAEF) about state administration of the ProStart program. We learned that the NRAEF partners with state restaurant associations to oversee the delivery of the ProStart curriculum statewide.

Although the ProStart program exists in all 50 states, implementation and support the program receives varies by state.

There are different funding sources to operate the programs. State restaurant associations obtain funding or donations through fundraising efforts, industry support, and grants to oversee ProStart programs in their respective states as well as to provide educator training and competitions. Those funding sources are separate from government funding (WPU funding through the minimum school program, CTE funding, and federal grants) for classroom instruction.

State restaurant associations obtain funding or donations through fundraising, industry support, and grants to administer ProStart.

We surveyed four state restaurant associations (Arizona, Montana, Nevada, and New Mexico) with similar student enrollments and found that they do not receive a statewide ProStart administrative appropriation like the initiative funding that goes to URA. For example, the Arizona Restaurant Association partners with industry sponsors to provide facilities and resources for their state competition event. Their program also hosts fundraising events and obtains NRAEF grant funding. The URA also conducts fundraising events, secures industry support, and receives an NRAEF grant like other states.

Classroom instruction in Utah, as well as in the other four states, is funded through local level education funding including WPU, CTE funds, and federal CTE grants. However, the appropriation for the ProStart initiative is unique to Utah, compared to the other states we examined. URA reported that the Utah ProStart program was initially funded by a federal grant. However, when the grant was not renewed in 2008, the URA approached the Legislature for financial support. A one-time appropriation of $100,000 was provided in 2008. Since 2008, the funding has grown to the current amount of $403,100. This appropriation is in addition to the minimum school program, CTE funding, federal grant funding for classrooms, and funding obtained by the URA.

Utah Restaurant Association Receives a National Grant for ProStart

The partnership between the NRAEF and the individual state restaurant associations is meant to assist in the delivery of the ProStart curriculum to the classroom. The NRAEF provides a grant to support local restaurant associations in administering the program in their home state. The grant is titled the ProStart Program Support Funding Program. Total grant funding for 2017 consisted of $1.25 million to be divided among the states for ProStart program administration. State restaurant associations may apply for the grant each year, with amounts varying according to funding made available by the NRAEF.

The URA received a total grant award of $29,000 in 2017 from the NRAEF to assist with the management of the statewide program. This grant is in addition to other funding sources, including the initiative program funding of $403,100 already provided to the URA for program administration.

> **The URA conducts fundraisers, secures industry support, and receives an NRAEF grant, in addition to the receiving the state appropriation.**

> **The URA received a $29,000 NRAEF grant in 2017 to support statewide administration.**

ProStart Participation Has Declined, Resulting in a Higher Cost per Student

USBE enrollment data shows statewide student participation in the ProStart program has declined since 2011. While enrollment has decreased, the funding for the ProStart initiative has increased over time, resulting in a 133 percent increase in the cost per student. Furthermore, the URA conducts additional training and competitions beyond both the NRAEF ProStart guidelines, and surrounding states.

USBE Reports Student Enrollment Has Declined in Recent Years

Participation in the ProStart program has declined 37 percent over the last several years according to enrollment figures entered into the statewide student information system and reported by USBE. Enrollment numbers for the ProStart program are entered into the system by each LEA according to the class identification number and the number of students enrolled.

In 2011, the ProStart program had 3,138 students, which slowly declined to the most recent 1,986 for the 2017 school year. Student interest and school district participation affect enrollment. For example, five high schools in the Alpine School District changed culinary course offerings in the last school year. In recent years, all the district high schools offered the ProStart program. However, five of the schools now offer the CTE culinary program for the 2017-18 school year and two high schools offer ProStart.

For the 2017 school year, the ProStart program and the state's Culinary Arts courses enrollment numbers are similar according to USBE figures. CTE culinary arts courses had 1,936 students participating compared to the 1,986 students participating in ProStart.

The decrease in student participation in the ProStart program occurred while the appropriation has increased over time. Considering only the initiative appropriation provided to the URA (not including district-level or other funds), the cost per student has risen from 2011 to 2017. Figure 3.3 shows the decrease in enrollment compared to the initiative's appropriation growth and the average cost per student per year.

Participation in the ProStart program has declined 37 percent over the last several years.

Student participation in the ProStart program has decreased while the appropriation has increased over time.

Figure 3.3 USBE Reported Student Enrollment and Initiative Funding History. Student enrollment has decreased 37 percent since 2011, while the funding has increased 48 percent.
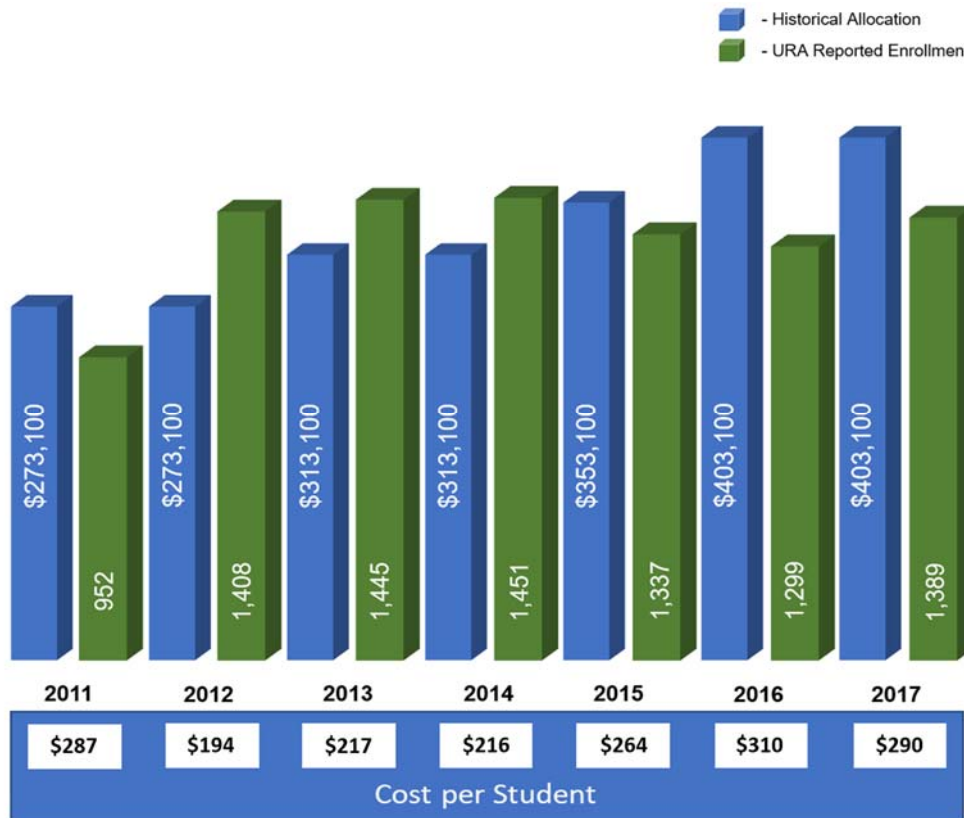

Legend: - Historical Allocation; - Historical Enrollment

	2011	2012	2013	2014	2015	2016	2017
Historical Allocation	$273,100	$273,100	$313,100	$313,100	$353,100	$403,100	$403,100
Historical Enrollment	3,138	2,978	2,679	2,575	2,589	2,202	1,986
Cost per Student	$87	$92	$117	$122	$136	$183	$203

Source: USBE

Figure 3.3 shows that in 2011, the cost per student was $87 but grew to $203 per student in 2017, an increase of 133 percent while student enrollment has decreased 37 percent.

The URA disagrees with the enrollment figures collected by the student information system and reported by USBE. The student enrollment count provided by URA is less than what USBE reports, as shown in figure 3.4. As a result, the cost per student would be higher for the initiative funding. These enrollment figures were reported by the URA from a separate data source than the student information system used by USBE. We cannot validate the enrollment numbers provided by the URA.

The cost per student for the ProStart program has increased by 133 percent.

Figure 3.4 URA Reported Enrollment History. The URA reports that enrollment has increased by 437 students since 2011

Legend:
- Historical Allocation
- URA Reported Enrollment

Year	Historical Allocation	URA Reported Enrollment	Cost per Student
2011	$273,100	952	$287
2012	$273,100	1,408	$194
2013	$313,100	1,445	$217
2014	$313,100	1,451	$216
2015	$353,100	1,337	$264
2016	$403,100	1,299	$310
2017	$403,100	1,389	$290

Source: Utah Restaurant Association

Figure 3.4 shows the URA's enrollment numbers are a higher cost per student when compared to the student information system enrollment numbers as reported by USBE.

The initiative funding is primarily used for program management, teacher and student training, and student competitions. We asked USBE for the average cost per student for the Culinary Arts courses for the same period, 2011 to 2017. However, USBE was unable to provide data for Culinary Arts. LEAs do not track expenses for individual high school CTE programs, making it difficult to provide a cost comparison.

**URA Conducts Additional Activities
That Appear to Exceed Neighboring States**

The URA delivers a wide range of activities for the ProStart program in Utah. The initiative funding provides teacher and student training events, three regional competitions, and one state and national competition. However, we found that the URA provides

activities beyond what is recommended by the NRAEF or implemented in neighboring states, as shown in Figure 3.5.

Figure 3.5 Comparison of Activities Performed by the Intermountain States' Restaurant Associations. Utah has more student training events and regional competitions compared to nearby states.

State Restaurant Association	Teacher Training Event	Student Training Events	Regional Competitions	State Competitions	National Competitions
Utah	X	X	X	X	X
Arizona	X			X	X
Montana	X			X	X
Nevada	X			X	X
New Mexico	X			X	X

The NRAEF requires grant recipients to host an annual professional development training for teachers. To meet this requirement, the URA hosts a teacher training event each fall. URA provides a two- or three-day training event. In addition, the URA also hosts two student training events during the year. The NRAEF does not require student training events. The NRAEF believes that student instruction is done in the classroom and enhanced by the teacher training event. The restaurant associations that we contacted in four neighboring states do not hold student training events. The URA reports that these additional events go beyond what other states provide to assist teachers and students to be successful in the program.

The URA hosts additional competition events compared to neighboring states. The URA holds three regional competitions, with the winning teams in each region going on to the state competition. One winning team in culinary skills and another in restaurant management from the state competition are invited to the ProStart national competition. In comparison, nearby states host a one-day state competition for their ProStart programs with the winning teams going to nationals. The other state restaurant associations reported that they received strong industry support for the state competition with donations of food and facilities for the event. In some cases, the schools in other states are asked to pay a registration fee to participate in the state competition.

Furthermore, the URA provides individual payments to ProStart schools from the initiative appropriation. Payments of $1,000 are provided to each ProStart school each year. These funds are intended to assist each school with individual needs. An additional $500 is provided for schools participating in competitions. Again, these funds are in addition to what is already provided through WPU, CTE funds and federal grants. In comparison, state funds are not passed through to restaurant associations in other states. Rather, classroom instruction and resources are provided by district-level education funding.

While this initiative appropriation provides additional training and competitions compared to other states, it is funding for the ProStart program beyond funding already provided for classroom instruction. We also found that USBE does not manage the reimbursement process well. We reviewed ProStart expenses submitted to USBE for reimbursement for the past three years and found issues with expenses and documentation, which are discussed in the next section.

A Lack of Controls Results in Inconsistent Invoice Reimbursements

USBE is the pass-through entity with a fiduciary responsibility to ensure that the initiative funding is used for the intended purpose. USBE passes the funding in reimbursement form to the URA based on monthly invoices. Controls did not exist originally, with funds simply being reimbursed according to invoices. However, issues with invoices resulted in USBE reviewing the appropriateness of some of the expenditures for the program. As a result, the contract was revised to provide improved controls over expenditures. However, the controls are applied inconsistently, and some expenses lack adequate justification.

Controls Are Not Enforced

USBE reimburses the URA for the ProStart program expenses. A contract between USBE and the URA details the scope of work and the disbursement of funds. The funds are distributed through reimbursements based on monthly invoices provided by the URA for expenses related to the program.

Originally, USBE reimbursed the URA based on the invoices provided. However, in recent years, USBE began to question some of

the expenses being submitted for reimbursement. A discussion occurred between USBE and the URA about the April 2015 reimbursement request. That month's invoice contained expenses related to a ProStart competition held in southern California. The reimbursement request included several admission tickets to Disneyland. USBE staff questioned how the expenses for Disneyland related to the operation of the program. USBE administration at the time decided that the theme park admission tickets would not be reimbursed.

This occurrence prompted USBE administrative staff to include some limited controls. In July 2015, the contract between USBE and the URA was revised to include three requirements:

- **Proof of Payment.** Documentation must be provided proving payment before a reimbursement is given.

- **State Per-Diem Rates.** Meals will be subject to per-diem rates when it involves the ProStart program.

- **Travel and Mileage Rates.** Mileage and lodging will be reimbursed at the state rate.

These controls provided some clarity for the reimbursement process; however, we found expenses that still lacked justification. Examples are explained in the next section of the report.

Justification and Approval Of Expenses Are Lacking

We reviewed ProStart expenses for fiscal years 2015 through 2017 and found the purpose of some expenses was not stated. The URA is subject to state per-diem rates for meals, according to the agreement placed in the contract. However, there is a verbal agreement between USBE and the URA that per-diem rates do not apply to restaurant visits if it is an educational experience.

Justification and Approval Is Needed to Exceed Per Diem. The current understanding between the URA and USBE is that per-diem rates do not apply if an agenda documenting the educational experience and a list of attendees are provided. However, according to state finance's group gathering policy, to exceed per diem, justification in writing and approval by the executive director or designee of the

organization is required. If the cost of the group gathering exceeds $1,000, justification in writing is required and approval is needed by the department director and the budget officer. Also, some dining expenses associated with some of the experiences designated as educational were for teachers and URA staff, with no students participating.

We found some dining expenses that were submitted as educational experiences. For example, expenses totaling about $20,000 were submitted for a two-day teacher training in 2014. Supplies, venue, catering, and all expenses directly related to the training totaled about $6,300. In addition, URA administration requested reimbursements for what appear to be dining expenses at Brio Tuscan Grill, Ruth's Chris, and Christopher's restaurants for 42 individuals, including teachers and URA staff. The total cost of dining was about $4,200 ($100 per attendee).

The documentation shows that teachers and URA administrative staff dined at all three restaurants during two days of training, and the per-diem rates were not applied. Additionally, the 36 teachers in attendance received reimbursements totaling $9,605 as part of this teacher training, with no explanation as to the purpose of these reimbursements. In these cases, we believe that USBE should not issue payment without proper justification and approval of the intent of these funds.

Per-diem exemptions were also applied to a teachers' meeting for $320 ($35 per person), and an advisory committee meeting for about $296 ($37 per person). These two meetings were held at restaurants; costs were for dining. The provided agendas did not demonstrate an educational purpose, rather, the meetings were for planning purposes. The state per-diem rates were not applied.

Per-diem exemptions are not included in the contract, and we believe no exemptions from state per-diem rates should apply to the URA's ProStart activities without proper justification and approval. We were told by USBE staff that opportunities for teachers and students in the Culinary Arts courses for industry tours are more limited, and they do not get reimbursed for expensive dining.

URA's Administrative Staff Costs Have Increased, While Enrollment Has Decreased. We looked at the administrative staff

> **Per-diem exemptions are not included in the contract, but in a number of cases, the state per-diem rates were not applied.**

costs on a per student basis between fiscal years 2015 and 2017. During this period, administrative staff costs increased from $23.68 to $33.05 per student according to USBE enrollment figures. In 2015, a URA administrator's monthly reimbursement request was raised from $2,000 to $3,000 per month without justification for the increase. In some instances, this request was as high as $4,000.

Other administrative payments made to individuals for ProStart management lack sufficient documentation to justify the requested reimbursement. The overall administrative staff costs have only increased slightly. From fiscal year 2015 to 2017, those costs increased by $4,335, but enrollment decreased by 603 students. The ProStart contract between the URA and USBE should have a budgeted amount for reimbursement of administrative personnel to ensure administrative costs are reasonable.

Expenses and Items Under Agreed-Upon Categories Are Inconsistent

Agreed-upon categories were created between USBE and the URA to organize the invoices into related expenses. For example, if supplies were purchased for a competition, it would be housed under a competition category. The agreed-upon categories include the following:

- Administration
- School needs
- Teacher and student training
- Expert resources
- Regional, state, and national competitions

The purpose of the agreed-upon categories was to ensure that the URA submitted expenses consistently and that the expenses qualified for reimbursement. The categories also help USBE to better review and monitor submitted expenses. However, our review of monthly invoice requests for fiscal years 2015 to 2017 found that individual items and expenses were often inconsistently categorized, resulting in uncertainty as to the purpose of some expenses. Reimbursement requests often had inadequate documentation or justification to explain why expenses shifted categories. We recommend that USBE reject issuing payment for reimbursement without adequate justification for expenses.

For example, expert resources expenses were usually submitted within administration, but without justification. Most of the time a chef-on-retainer was reimbursed under the administration category. Occasionally such expenses were put in the expert resources category.

Furthermore, we found instances where the same chef-on-retainer was reimbursed for demonstrations under the teacher and student training category, in addition to receiving payment under the administration category for the same month. The URA reports that this mentor chef is paid as part of the administration category each month because the skilled services provided by the chef is available to all ProStart schools at any time. Additional services provided by this chef beyond the administrative payment are placed in a separate category. However, these chef expenses lacked adequate documentation explaining their purpose, what services were performed, or how often the chef was used for individual classrooms.

We recognize that consistency has improved over the three-year period. However, USBE needs to work with the URA to ensure that submitted expenses are categorized correctly and qualify for reimbursement.

TeenChef Pro Television Program
Lacks an Economic Impact Analysis

The TeenChef Pro is a reality-based television program showcasing the skills of twelve high school students who participated in the ProStart program. Administered by the URA, the TeenChef television production is not an education initiative program or part of the ProStart program. The program has received a one-time appropriation each year since the program began in fiscal year 2016.

Funding is provided through USBE as the pass-through entity. However, Senate Bill 3, passed in the 2018 Legislative General Session, established that this funding will go through GOED in fiscal year 2019. The amount has been increased to $350,000 to be divided into two parts. $250,000 is allocated to TeenChef Pro and $100,000 for Taste Utah, and advertising campaign for the program, the culinary industry, and local restaurants. Figure 3.6 shows the cost per student from fiscal year 2016 to 2019.

We believe an
economic benefit
analysis should be
conducted for
TeenChef Pro.

Figure 3.6 TeenChef Pro Allocation and Cost per Student. The state funding per student has remained relatively the same.

Fiscal Year	Annual Appropriation	Cost Per Student
2016	$250,000	$20,833
2017	$275,000	$22,917
2018	$250,000	$20,833
2019	$250,000	$20,833

It is important to note that the program features one winner at the end of the competition. The economic benefit to the state of sponsoring the television program is not certain because the winning contestant is awarded a scholarship to an out-of-state culinary program at Johnson & Wales University (JWU) in Denver, Colorado. An economic impact analysis could better measure the benefit of the program.

Recommendations

1. We recommend that the Legislature review the ProStart initiative funding level, given the additional activities conducted in Utah compared to other states.

2. We recommend that USBE better monitor expenses by consistently:

   - Requiring the vendor to apply expenses according to established categories
   - Requiring the vendor to provide adequate justification for each expense

3. We recommend that USBE apply the state per-diem rates to all ProStart administration and activities unless proper justification is approved by the superintendent of USBE.

4. We recommend that GOED require an analysis of the economic impact of the TeenChef Pro television program.

Chapter IV
Focus on Low-Income Students in UPSTART Program Is Unclear

We reviewed the Utah Preparing Students Today for a Rewarding Tomorrow (UPSTART) initiative program that is designed for pre-school students and found the following.

- Over the two most recent years, enrollment of students in families above the low-income requirement has tripled. This growth is shifting the focus from students in low-income families. In 2014, 71 percent of the participating students were in low-income families. In 2018, 42 percent of the students were in low-income families.

- Low-income data is self-reported by families and not verified with financial records, so the program cannot guarantee whether students are eligible for the low-income services.

- Inconsistencies in student enrollment records exist between the vendor and the Utah State Board of Education (USBE), but consistency has improved.

- The annual evaluations of the program have been positive and the methodology for conducting program evaluations has improved.

The UPSTART initiative program began in 2009. Since 2015, the initiative's appropriation has increased 2.1 times, while student participation has increased 2.8 times. While the program is meeting the low-income requirement, the population is beginning to shift to students in families with no restriction of income. When the initiative was created, UPSTART enrolled mostly students in low-income families. However, with the significant growth in students in families with no restriction of income, it is not clear if the purpose of the program is for students in low-income families. The Legislature should review the initiative and determine whether the program's focus should be on students in low-income families.

The UPSTART initiative program is a technology-based pre-kindergarten school readiness program delivered through the internet

UPSTART program growth over the last two years has tripled for families with no income restrictions.

With significant student growth, it is not clear if the focus of the program is for students from low-income families.

to participating households. UPSTART serves pre-school age students ages 4 and 5. Students can access the online program for one year. *Utah Code 53F-4-404* requires that 30 percent of students be from low-income families. The USBE contracts with a vendor to provide the UPSTART program and reimburses expenses from a legislative initiative appropriation. The Waterford Institute has been the vendor and sole provider for the UPSTART program for the last 10 years.

The Percentage of Disadvantaged Students Is Decreasing

The UPSTART initiative appropriation has grown significantly from fiscal years 2015-2019. (249 percent)

The program has received an annual initiative appropriation, which has grown significantly from fiscal years 2015 to 2019, allowing more pre-school students to participate. In the most recent two years, as student enrollment has increased, the growth of students in families with no income restriction has tripled. The Legislature should review the purpose of the program and determine if it should focus on students in low-income families. In addition, the program receives $2,000,000 in federal Temporary Assistance to Needy Families (TANF) funds for students under the 200 percent poverty line. TANF funds allow for more students to participate in the program.

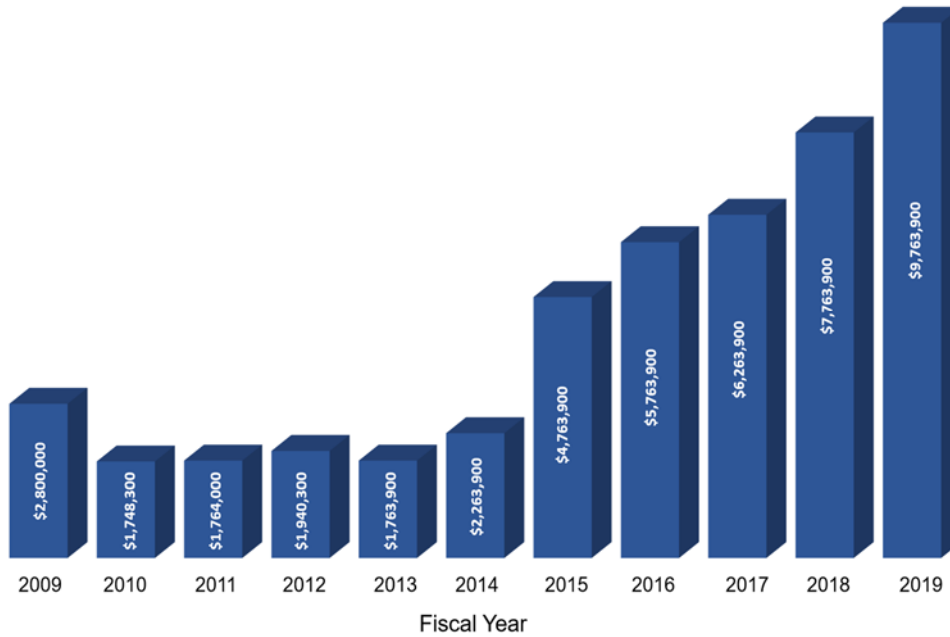## UPSTART's Focus Is Shifting Toward Students in Families with No Income Restriction

With additional funding in recent years, more growth has occurred for students in families with no income restrictions.

With additional funding in recent years, participation by students in families with no income restriction has increased. The UPSTART program began in fiscal year 2009 with a legislative appropriation of $2,800,000. The appropriation has increased significantly to $9,763,900 for fiscal year 2019. However, the appropriation was about the same amount for the first five years. The large increase in funds began in fiscal year 2015 and has grown in each successive year. Figure 4.1 shows the historical appropriation growth for the initiative program.

Figure 4.1 UPSTART Initiative Has Experienced Significant Growth. The appropriation for the UPSTART program has increased by $6.9 million over 10 years.

Bar chart showing UPSTART appropriation by Fiscal Year:
- 2009: $2,800,000
- 2010: $1,748,300
- 2011: $1,764,000
- 2012: $1,940,300
- 2013: $1,763,900
- 2014: $2,263,900
- 2015: $4,763,900
- 2016: $5,763,900
- 2017: $6,263,900
- 2018: $7,763,900
- 2019: $9,763,900

Fiscal Year

Source: USBE

Figure 4.1 shows an increase of 249 percent in the UPSTART initiative appropriation from fiscal years 2009 to 2019, which has allowed more pre-school students to participate in the program.

The statute requires that 30 percent of students in the program be from low-income families. Low-income is defined as family income below 185 percent of the federal poverty guidelines. Families with students under the poverty line can receive a free computer and internet services to access the program. Remaining students' families can be from any income level to have access to the state-funded pre-school program. The number of students served in both groups has grown as the appropriation has increased. However, Figure 4.2 shows that student enrollment from families with no income restriction has increased more dramatically in recent years.

Statute requires 30 percent of UPSTART students be from low-income families.

Figure 4.2 Student Participation by Income Level. Total student enrollment has increased 775 percent from 2010 to 2018.

School Year	Total Students	Low Income	No Income Restriction	Low Income/ No Income Restriction Ratio
2010	1,631	980	651	60/40
2011	1,382	858	524	62/38
2012	1,168	737	431	63/37
2013	1,250	775	475	62/38
2014	1,502	1,070	432	71/29
2015	5,090	2,233	2,857	44/56
2016	6,639	3,903	2,736	59/41
2017	10,745	5,409	5,336	50/50*
2018	**14,278**	**5,976**	**8,302**	**42/58***

Source: Auditor Generated
*Includes students under both 185 percent and 200 percent of poverty standards

The first five years of the UPSTART program, the average participation of students in low-income families was 64 percent.

Figure 4.2 shows that from 2010 through 2014, the focus appears to have been students in low-income families. Over the first five years of the program, the average participation of students in low-income families was 64 percent, more than double the requirement. However, because income is self-reported and not verified, we cannot confirm that the low-income requirement was being met.

The students in families with no income restriction have increased almost 13 times since 2010.

Increased funding between 2015 and 2018 allowed more students to participate in the program. As a result, the number of participating students in families with no income restriction has grown significantly. The percentage of students in the non-restricted income category increased 1,175 percent from 2010 to 2018, while the percentage in the low-income category increased 510 percent. The most significant growth was between 2017 and 2018, when the number of students in families with no income restriction increased by 2,966. With this growth of the non-restricted income group, the Legislature should review the program and determine if the focus should be for students in low-income families.

UPSTART Also Receives Federal TANF Funds

In addition to the legislative initiative appropriation, the UPSTART program has received $2,000,000 in Temporary Assistance to Needy Families (TANF) funds for fiscal years 2017, 2018, and 2019. TANF funds originated in the 2016 General Session with Senate Bill (S.B.) 101, the High-Quality School Readiness Program Expansion bill.

Students in families that are under the 200 percent federal poverty standard can receive TANF funds. The vendor counts all students under the 200 percent line as low-income. The TANF funding helps target students in low-income families. The vendor has separated the two income levels for the last two years of the program. Figure 4.3 shows the breakdown of students in families under the 200 percent and 185 percent of the federal poverty level.

Figure 4.3 TANF Funding Targets Participants in Two Income Categories. The TANF funds go to students in families under the 200 percent federal poverty standard.

UPSTART Participation for 2016		
Under 185% of Federal Poverty Guidelines (allocation and TANF funds)	4,557	42%
Between 185-200% of Federal Poverty Guidelines (TANF)	852	8%
No Income Restrictions	5,336	50%
Total	**10,745**	**100%**
UPSTART Participation for 2017		
Under 185% of Federal Poverty Guidelines (allocation and TANF funds)	5,308	37%
Between 185-200% of Federal Poverty Guidelines (TANF)	668	5%
No Income Restrictions	8,302	58%
Total	**14,278**	**100%**

Source: Waterford Institute

Figure 4.3 shows that, by separating the two requirements, it appears that the 185 percent requirement is being met. To meet the 185 percent requirement, a family of four cannot exceed an average annual income of $46,435. To qualify under the 200 percent poverty line, a family of four cannot exceed $50,200 annually. The income level adjusts according to the number of members in each family.

The Department of Workforce Services (DWS) passes the TANF UPSTART funding to USBE for management. The department also tracks students experiencing intergenerational poverty. *Utah Code 53F-4-404* requires families with intergenerational poverty to be considered as part of the UPSTART participating population. The combined funding of the initiative appropriation and TANF funding have allowed a large increase in students participating in the program in recent years. In addition, the TANF funding has given more

students between the 185 percent and 200 percent federal poverty guidelines the opportunity to participate.

Without Verification, UPSTART Cannot Guarantee the Low-Income Requirement

The vendor collects family income and student data during the registration process for the pre-school UPSTART program. All information is self-reported by families with no verifying documentation being required. Without verification, the program cannot guarantee students meet the low-income requirement. The Office of the State Auditor has recommended that verification is needed, and we concur.

Furthermore, separate data collection by the vendor and USBE has resulted in discrepancies between the organizations. Potential changes to allow USBE to conduct the initial registration process could improve verification and data matching.

Program Appears to Be Meeting the Low-Income Requirement, but Income Data Is Self-Reported

Two recent audits of the UPSTART program conducted by the Office of the Utah State Auditor found that income was self-reported during registration without verification. The state auditor's report recommended that, as the primary recipients of the funds, USBE should implement procedures to verify low-income. However, DWS is the designated department to conduct income verification. While we recognize that the program is meeting the low-income requirement, the percentage of the student population under the low-income requirement continues to decrease. The Legislature may consider requiring DWS to verify income to determine if the low-income requirement is actually being met. DWS supports this approach and believes the cost to verify income would be reasonable.

The vendor conducts an online registration process. Information related to family size and income is self-reported by parents or guardians registering pre-school students for the program. The registration website asks for information related to family size and income levels to assess whether the participant falls below the poverty thresholds. Income documentation is not required during the registration process. The UPSTART Amendments legislation passed

in the 2017 General Session (S.B. 262) states that the vendor may require supporting documentation to validate income, but it is not required. We believe that verification is a role for DWS, a government entity.

Student Records Have Been Inconsistent, But Improvements Have Been Made

We learned that the vendor's student enrollment records contained many discrepancies when compared to USBE records. For example, in 2016, the enrollment records of 907 students participating in UPSTART did not match USBE's records. Student matching occurs when a child enters kindergarten and USBE attempts to validate information for each student who participated in UPSTART. If USBE managed the initial registration process, the agency could collect consistent student data and eliminate the need to match the vendor's record to USBE's records when students enter kindergarten.

In addition to collecting income data during the registration process, the vendor collects personal student information. The family self-reports information including the name, birthdate, and gender of the student at the onset of the program year. In some cases, this information has resulted in discrepancies between the vendor's and USBE's enrollment records. The discrepancies often occur because of name misspellings, incorrect birth dates, or student gender mistakes.

Currently, USBE validates the previous year's UPSTART data against the statewide student identifier (SSID) for children entering kindergarten. For example, if a child participated in UPSTART in 2016, USBE would attempt to match the child's data as they entered kindergarten and received an SSID in 2017. Each year, a portion of students enrolled in the UPSTART program cannot be found in the public-school system. For instance, USBE could not find 907 of the 6,639 2016 UPSTART participants as they entered the public-school system. Often this mismatch was due to a lack of communication between the vendor and USBE about student information on enrollment records.

However, communication between the two organizations has improved regarding what is expected of each party, which is formalized in a MOU in June 2018. This year, the vendor obtained missing student records from USBE and began to reconcile the records by contacting parents of the missing students. Some students

moved out of state, attended private school, or were home schooled, while some records had errors in names or birthdates. After the matching process, the vendor was unable to reconcile 100 students from the 907 missing in 2016.

In working with staff at USBE, we found that improvements in the registration process are possible if USBE manages it, reducing concerns and student enrollment data. USBE reported that the Legislature will need to allow current UPSTART administrative funds to be used for USBE personnel for program management, in addition to the current allowed use of administrative funds for the evaluator and annual audit.

Annual Evaluations Suggest Low-Income Students Are a Key Demographic

UPSTART program evaluations have reported positive student outcomes. The evaluation methods have adapted as the program has expanded to serve more students. Key demographics, such as household income level, have been added to the treatment-control group comparison. The evaluator and advisory committee continually review the methodology, and we believe they have made positive modifications. In addition, the evaluator has used data to examine UPSTART users' performance as they progress in school.

The statute requires an annual evaluation of the program. USBE has run two requests for proposal for an evaluator, each for a five-year contract. The Evaluation and Training Institute (the evaluator) has been awarded a contract for both requests and has been the sole evaluator over the program's ten-year operation.

Evaluations Show UPSTART Users Experience Significant Gains from the Program

Annual evaluations have found that, after post-testing each group, UPSTART users significantly improved skills measured by the assessments. UPSTART program students showed positive changes in letter knowledge and word decoding skills when compared to a group of non-UPSTART students. In the most recent evaluation (2017), an effect size was added. Effect size is a way of quantifying the difference between the treatment group and the control group. The effect size benchmark was set at 0.26, (on a scale of 0 to 1). If the treatment

group's scores exceeded the control group's scores more than 0.26, it would indicate a that the program is having a positive effect. The evaluation found the UPSTART treatment group scored an average of 0.46 in the word decoding category, exceeding the benchmark.

In addition, the evaluator has examined longitudinal data to evaluate student outcomes as they progress through the school system. For example, the most recent evaluation (2017) found that UPSTART students performed better, an average of 7.91 points higher, on the DIBELS assessment tests in first grade.

As background information, the evaluation process conducts testing at the onset and conclusion of the yearly program, using groups of UPSTART users (treatment) and non-UPSTART users (control).[1] The evaluator attempts to target a control group of low-income pre-school-aged children each year who have not participated in the UPSTART program. The evaluator recruits for this group of non-UPSTART users by providing incentives for participation in the evaluation's pre- and post-testing.

Evaluator's Methodology Has Adapted to Better Measure Outcomes

An UPSTART advisory committee directs the evaluator each year and recommends changes or improvements to the evaluation process. The committee is made up of staff from both the vendor and USBE. The modifications suggested by the committee have resulted in improved evaluation methods over time to better consider variables and communicate outcomes. Two significant changes are (1) an effect size (measure of significance between the treatment and control groups) benchmark, and (2) including key demographics for the treatment and control group comparisons.

The committee recommended the evaluations include an effect size benchmark in 2017 to better communicate the impact on UPSTART users when displaying positive outcomes of the program. Also, additional key demographics (child ethnicity, parent education level, parent marital status, and household income levels) have been added in year 6 when selecting students to participate in the treatment and

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[1] Evaluations are done using the Bader and Brigance testing systems to assess phonological awareness and vocabulary knowledge of pre-kindergarten students.

The evaluator attempts to target a control group of low-income children that have not participated in UPSTART.

An UPSTART advisory committee recommends improvements that can be made to the evaluation process.

An effect size benchmark and key demographics were added to the annual evaluations of UPSTART in 2017.

control groups for recent evaluations to ensure that the control group and treatment group are more similar.

With the addition of income levels, the selection of the treatment and control groups are focusing on students in families with lower incomes, as recommended by the advisory committee. Originally, the treatment group of UPSTART users came from a sample of the entire population, without considering household income.

External Variables Are Difficult
To Account for in Evaluations

Even with the addition of key demographics for the treatment and control comparison, it is difficult for the evaluation methodology to account for all external variables. For example, parental involvement is not considered in the treatment-control comparison. Also, it would be difficult to account for individual student abilities.

Family size should be included in the treat-control comparison to determine if students are in families below the 185 percent poverty level.

The evaluator also changed their methodology in the year 6 evaluation by adding household income levels to better consider low-income populations between the treatment and control group children. However, family size is a demographic not included in the treatment-control comparison. Without that information, the evaluation cannot accurately determine if students in both the treatment and control group are in families below or above the 185 percent poverty level. The evaluator should consider adding family size to the methodology.

We believe the evaluator and advisory committee have made positive modifications to the UPSTART evaluation process.

We recognize the difficulty in accounting for external variables, and believe key demographics can be improved by adding family size. However, after reviewing the annual evaluation results and changes in methodology, we believe the evaluator and advisory committee is continually reviewing and has made positive modifications to the evaluation process, and is better matching the treatment and control groups than in the past.

Recommendations

1. We recommend that the Legislature consider reviewing the UPSTART program to determine if the focus should be on students in low-income families. If so,

   - The Legislature may consider increasing the 30 percent low-income requirement.
   - The Legislature may consider having DWS verify family income for the low-income requirement.

2. We recommend that USBE manage the registration process for the UPSTART program, rather than the vendor.

3. We recommend that the evaluator consider adding a family size demographic to the treatment-control comparison for annual evaluations.

Agency Response

July 9, 2018

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 conducting a performance audit of three initiative programs funded through public education and the opportunity to respond to your findings and recommendations. Your detailed audit of the Carson Smith Scholarship, ProStart, and UPSTART program initiatives is extremely valuable to our ongoing efforts to provide effective and efficient programs across public education. We offer the following response to the audit.

The Utah State Board of Education (USBE) concurs with all the findings and will take appropriate actions to support your recommendations. We previously identified many, if not all, of the same issues identified in the report through our own internal review and audit processes and have taken constructive steps to resolve the concerns. With the recommendations from the audit, we will continue to address the concerns noted, recognizing the political underpinnings and limitations of implementing some of the suggestions. We will need additional legislative assistance to ensure we can meet all the recommendations and are looking forward to engaging with the legislature this next session.

As an example, specifically related to the UPSTART Initiative Program, you recommended that the USBE manage the registration process for the UPSTART program, rather than the vendor. We will request legislative action to amend the existing code to allow for USBE to use already existing administrative funds toward USBE personnel for program management. Many of the solutions are found in our ability to work with the legislature during the next session and get appropriate changes made to the applicable codes across all three of the programs.

We look forward to our continuing joint efforts to ensure the greatest levels of efficiency and effectiveness in all our programs.

Sincerely,

Scott Jones
Deputy Superintendent of Operations