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ABSTRACT

The Children At Risk program was created in Wisconsin in 1985 with the broad goal of reducing the number of students at risk of failing in or dropping out of school. The program requires all school districts to identify children at risk, including dropouts, truants, parents, or adjudicated delinquents, who are behind their age group in either basic skills or high school credits and to develop a plan to meet their needs. The program's purpose has not changed since its introduction, and funding has remained constant, but the structure did change significantly in 1993, when the state narrowed its definition of children at risk, and required that aid payments be based on the performance of individual students, rather than groups. An evaluation completed by the Wisconsin Legislative Audit Bureau indicates that the program as it exists today is not relevant to most districts. Of Wisconsin's 47 districts, only 16 have applied for and received funding since the changes went into effect, and only 2 districts, both urban, have been required to apply for aid in each year since the program was modified. Milwaukee has received two-thirds of the money distributed in the past 3 years, and it is clear that the program is no longer a state-wide program. It is difficult to determine whether the program has had any effect on student achievement. The average dropout rate declined in the 10 districts that received program funding for at least 3 years, but the dropout rate increased in Milwaukee. The amount allocated per student is very small, and the program has become little more than a way to pass general purpose revenues from the state to a limited number of districts. A discussion of contracting with private agencies for at-risk services, as is done in Milwaukee, is included. (Contains 12 tables.)

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AN EVALUATION

Children At Risk Program

Department of Public Instruction

97-12

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AN EVALUATION

Children At Risk Program

Department of Public Instruction

97-12

July 1997

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TABLE OF CONTENTS

LETTER OF TRANSMITTAL	1
SUMMARY	3
INTRODUCTION	11
PROGRAM PARTICIPATION AND FUNDING	15
District Funding Eligibility	15
Children At Risk Served	17
Program Funding	19
Student Performance	20
State Aid Payments	21
PROGRAM EFFECTIVENESS	25
Graduation and Dropout Rates	25
Children At Risk Program Performance Data	29
Students Meeting Criteria	29
Graduation Rates	31
Additional Considerations	32
Departmental Action	33
Funding Structure	34
Program Options	35
CONTRACTING FOR AT-RISK PROGRAMS	39
Reliance on Partnership Schools	39
Enrollment	40
Expenditures	41
Performance of Partnership Schools	42
Overall School Performance	42
Individual Student Performance	43
Contract Management	48
Continuing Issues	48
Inappropriate Use of Contracting Authority	50
APPENDIX - RESPONSE FROM THE DEPARTMENT OF PUBLIC INSTRUCTION	



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July 18, 1997

Senator Robert W. Wirch and
Representative Mary A. Lazich, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Wirch and Representative Lazich:

We have completed an evaluation of the Children At Risk program, as directed by s. 118.153(6), Wis. Stats. Created in 1985, the program is intended to increase the number of students attaining high school diplomas by improving services to those at risk of failing in, or dropping out of, school. The program, which is administered by the Department of Public Instruction, has been appropriated \$3.5 million in general purpose revenue for each fiscal year since 1990-91.

As a result of changes made by 1993 Wisconsin Act 16, the program has lost its statewide focus. Since the 1993-94 school year, only those school districts that apply for program aid are required to provide a program for at-risk students; no more than 19 districts were deemed eligible to apply for program funding in any given year because of stricter eligibility requirements; and one district—Milwaukee Public Schools—has received two-thirds of the \$8.6 million distributed during the past three school years.

Within those districts that have received funds for each school year since 1993-94, it is difficult to generalize as to whether the program has had any effect. It may not, however, be reasonable to expect a connection between student performance and the program. Consequently, the program appears to have become little more than a means of passing state general purpose revenues through to a limited number of school districts.

In reviewing the delivery of programs, we found that Milwaukee Public Schools is the only district that contracts with private, nonprofit, nonsectarian education agencies, called partnership schools, to provide at-risk programs. A larger percentage of at-risk students enrolled in the partnership schools meet the State's performance criteria under the Children At Risk program than do at-risk students enrolled in programs administered directly by the district.

We appreciate the courtesy and cooperation extended to us by department and school district staff. The Department of Public Instruction's response is the Appendix.

Respectfully submitted,

Dale Cattanach
State Auditor

DC/JN/lw

SUMMARY

The Children At Risk program, which is administered by the Department of Public Instruction, was created in 1985 Wisconsin Act 29, the 1985-87 Biennial Budget Act, in an effort to reduce the number of students at risk of failing in or dropping out of school prior to receiving a high school diploma. Program services were first made available in the 1986-87 school year. Ten years later, the program's purpose remains the same, although its structure was changed significantly in 1993 Wisconsin Act 16. Available program funding has remained constant at \$3.5 million in general purpose revenue (GPR) since fiscal year (FY) 1990-91.

The current program is delineated in s. 118.153, Wis. Stats. According to statutes:

- “children at risk” includes dropouts, habitual truants, parents, or adjudicated delinquents who are either in grades 5 through 12 and are two or more years behind their age group in basic skill levels or in grades 9 through 12 and are one or more years behind their age group in the number of high school credits attained;
- each year, each school district must identify enrolled children at risk and develop a plan to meet their needs;
- a school district must apply for aid under the program if in the previous school year it had 50 or more dropouts and a dropout rate exceeding 5 percent of its total high school enrollment;
- a school district may apply for aid under the program if in the previous school year it had 40 or more dropouts; and
- aid payments are based on the number of individual at-risk students who met designated performance criteria during the previous school year.

The Legislative Audit Bureau is required biennially to audit school district eligibility, performance criteria, and state aid payments. We have completed four previous evaluations of the Children At Risk program. Our last evaluation, released in January 1995, found that since the

program modifications enacted in 1993 Wisconsin Act 16 had been in effect for only one year, it was not possible to determine whether the program was having an effect on the dropout rate or the number of students graduating from high school. The program changes had, however, resulted in a significant reduction in the number of school districts eligible to receive program aid and the number of students identified as at-risk, as well as a decline in the number of these students who met performance criteria.

Our current evaluation again reviews the available data and trends regarding school district eligibility for funding, pupil performance criteria, and state aid payments. We also reviewed dropout and graduation rate information that was available for the three complete school years since the changes to the program and analyzed whether there is a relationship between the trends and the Children At Risk program. We reviewed the services school district at-risk programs provide, as well as the extent to which school districts are contracting with private, nonprofit, nonsectarian agencies to provide programming for at-risk students. Finally, we developed options for the future of the Children At Risk program.

The Children At Risk program, as modified by 1993 Wisconsin Act 16, has been in effect for three full school years: 1993-94, 1994-95, and 1995-96. During this time period, it has become apparent that the requirements of the program as it exists today are not relevant to most school districts. The program can no longer be considered a statewide program designed to improve overall dropout and graduation rates for three reasons:

- Only those school districts that applied for program aid were required to provide a formal program for at-risk students. Although all school districts are currently required to identify the children at risk enrolled and develop a plan describing how the district will meet their needs, previously all districts had to provide an at-risk program, whether or not they applied for and received funding under the program.
- Only two school districts, Milwaukee Public Schools (MPS) and Racine Unified School District, were required to apply for aid in each year since the program was modified, and no more than 19 school districts have been required or eligible to apply for funding in any school year since 1993-94.

- One school district, MPS, has received two-thirds of the \$8.6 million distributed during the past three school years. For the 1995-96 school year, three districts—MPS, Racine, and Janesville—accounted for 87.8 percent of the funding received. The remainder, slightly more than \$400,000, was distributed among the remaining 11 districts that applied for program aid.

Because few school districts are affected by the Children At Risk program, it may not be reasonable to expect the program to have an effect on dropout and graduation rates throughout the state, as originally intended by the Legislature. However, some indication of the program's effectiveness may be reflected in the graduation and dropout rates of those districts that have received program funds in each of the three years since the program was modified. Of 427 school districts, 10 have received some funding in each of the three years.

However, within those districts that have received funds for each school year since 1993-94, it is difficult to generalize as to whether the program has had any effect. First, the average graduation rate for all high school seniors in the ten districts has remained fairly constant, although the graduation rates of six of the ten districts increased. However, in only three districts—Appleton Area, Kenosha, and Oshkosh Area—did graduation rates consistently improve over the three-year period. In addition, the graduation rates in the three districts that receive the vast majority of available funding—MPS, Racine, and Janesville—declined. Second, although the average dropout rate for the ten districts has declined over the three years, there are no clear trends within the districts, and the dropout rates for all students in six of the ten districts increased. In only one district—MPS—did the dropout rate consistently decline over the three-year period.

In addition, the manner in which the Department calculates graduation and dropout rates may result in data that are not indicative of the actual performance of students within the districts. The progress of individual students is not followed. Rather, the rates are based on total student enrollment, with the base number used in the calculations determined on the third Friday of September. No adjustment to the third Friday enrollment count is made if a student enters or leaves a school district during the year. Therefore, students who enter or leave a school district during the year are accounted for in only the final number of graduates or dropouts, but not in the original enrollment number. This can result in either an underestimation or an overestimation of the base used to determine rates, thereby skewing the results.

Another measure of the program's effectiveness is the extent to which at-risk students who are enrolled in programs for which districts receive program funding meet the State's performance criteria. We found that in six of the ten districts, the percentage of at-risk students meeting performance criteria declined in both 1994-95 and 1995-96, compared to 1993-94. However, in two districts—MPS and Racine—the percentage of at-risk students meeting performance criteria improved in each of the three years reviewed. The improvement in MPS appears to be most directly attributable to a broader interpretation of student performance criteria than had been applied in the past the interpretation was supported by the Department and first fully employed by MPS for the 1994-95 school year.

The graduation rate of at-risk seniors, which is one of the program's performance criteria, is another measure of the program's effectiveness. This rate increased from 49.2 percent in 1993-94 to 60.2 percent in 1995-96. The major reason for the significant increase in the average graduation rate is an increase in the rate within MPS between the 1993-94 and 1994-95 school years.

Overall, it is difficult to reach a definitive conclusion regarding the effectiveness of the Children At Risk program. On the one hand, it would appear that some of the districts that receive funding have shown improvements in either their graduation rates or their dropout rates. On the other hand, only one district—Appleton Area—showed an improvement in both its graduation rate and its dropout rate. At the same time, however, the percentage of Appleton Area's at-risk students that met the State's performance criteria under the Children At Risk program declined substantially.

Furthermore, while some may argue that MPS, which has the highest dropout rate among the ten districts, has seen a decline in this rate, it is questionable whether the decline can be attributed to the Children At Risk program. On the one hand, Children At Risk program legislation requires MPS to provide special programs to at-risk students and, therefore, the decline in the district's dropout rate may be linked to this program. On the other hand, other measures of student performance have shown varied results.

It may not be reasonable to expect a direct connection between student performance and the Children At Risk program, especially because of department actions and the limited amount of funding available. First, although the funding available through the program has been intended to serve as an incentive for districts to improve the retention and performance of their at-risk students, the Department has done little to reinforce this aspect of the program. Rather, the Department:

- worked with districts, in the first year following changes to the program, to maximize both the number of students identified as at-risk and the number of students who met the established performance criteria. The Department allowed districts that applied for aid under the program to apply a broad interpretation of how to measure the criteria, resulting in an increase in the funding provided rather than the increased retention of students.
- does not ensure the accuracy of the information provided to it by those districts applying for funds. As a result, although the Department had already paid school districts in March 1996 for the 1994-95 school year, and had prepared an estimate of payments to be made this spring for the 1995-96 school year based on these reports, the Department was unaware of several inaccuracies that a simple review of the reports would have noted.

We include a recommendation that the Department provide additional oversight of the Children At Risk program.

In addition, the limited funding available calls into question whether the Children At Risk program can be expected to have a significant effect on dropout and graduation rates. Children At Risk funding for school year 1995-96 represented at most 3.3 percent of the cost per pupil. The average per pupil program aid received was \$167, which is an amount that cannot be expected to purchase a wide range of services for a district's at-risk students. It appears, therefore, that the program has become little more than another source of revenue for the participating districts.

The Children At Risk program has undergone several minor and one major change since it was established, in an effort to create a stronger program designed to address concerns about the State's dropout and graduation rates. Whether any additional major changes to the program would further promote its purposes is not clear, given the limited amount of funding involved. The Legislature could, however, maintain the program requirements as they currently exist while making changes to the funding formula. Options regarding funding include:

- establishing a competitive grant program through which school districts develop and implement innovative at-risk programs to replace the current program. Eligibility for grants could be determined based on dropout rates, as is currently the case, but program funding could be awarded for implementation of at-risk programming activities, teacher training, and funding at-risk program personnel.
- establishing a base level of funding for the three districts—MPS, Racine, and Kenosha—that are routinely required to apply for funds under the program. Because of high dropout rates, these school districts have the greatest need to develop programming in an attempt to prevent dropouts and encourage students to stay in school to attain a high school diploma.
- eliminating program funding. Other funding is available to serve “high risk” students, a group that includes at-risk students, including \$143.3 million in federal funds and an additional \$62.6 million in state funds in FY 1996-97.

If the Legislature maintained all other aspects of the program as they currently exist, those districts with the most difficult dropout problems would continue to be required to provide programming. In addition, they would also maintain the ability to contract with private agencies to provide at-risk educational services. Currently, however, MPS is the only school district that contracts with private agencies to provide educational services to its at-risk student population.

We found that MPS’s reliance on these agencies, referred to as partnership schools, has increased over time. For example, from the 1986-87 to the 1996-97 school years:

- the number of contracts with partnership schools increased from 7 to 18;
- the number of seats within the partnership schools increased from 279 to 1,605; and
- payments to the partnership schools increased from \$1 million to a projected \$8.1 million for the 1996-97 school year.

In reviewing the performance of at-risk students within MPS over a two-year period, we found that a larger percentage of at-risk students enrolled in the partnership schools met the State's performance criteria under the Children At Risk program than do at-risk students enrolled in programs administered directly by the district. For example, 63.1 percent of at-risk students enrolled in the partnership schools during school year 1995-96 met three of the State's five performance criteria, compared to 45.2 percent of at-risk students enrolled in MPS-administered programs.

We also compared the educational progress made by students in both partnership schools and regular MPS programs over a two-year period to determine whether they graduated on time. We found that a higher percentage of students enrolled in partnership schools graduated than did students in MPS schools.

We identified several contract management concerns about the relationship between MPS and its partnership schools, many of which were also identified by an internal audit conducted by the district board in 1995. In addition, during three of the four years we reviewed, MPS contracted with a private school using Children At Risk contracting authority although the program under contract did not serve identified at-risk students. As a result, an estimated \$633,033 was paid to the school under the program's auspices. To the extent that these funds were provided to the district by the State, they should be repaid to the State by the district; however, because MPS does not differentiate between funding sources in making such payments, it is not possible to determine whether state funds were used. Nevertheless, it is clear that MPS violated state statutes when it used its contracting authority under the Children At Risk program to provide services to other students.

INTRODUCTION

The Children At Risk program went into effect ten years ago.

The Children At Risk program, which is administered by the Department of Public Instruction, was created in 1985 Wisconsin Act 29, the 1985-87 Biennial Budget Act, in an effort to reduce the number of students at risk of failing in or dropping out of school. Program services were first made available in the 1986-87 school year. Ten years later, the program's purpose remains the same, although its structure was changed significantly in 1993 Wisconsin Act 16. Available annual program funding has remained constant at \$3.5 million in general purpose revenue (GPR) since fiscal year (FY) 1990-91.

In 1993 Wisconsin Act 16, the funding eligibility requirement was modified with the apparent goal of concentrating the program's limited financial resources in the districts with the largest and most difficult to serve at-risk student populations. The current program is delineated in s. 118.153, Wis. Stats. According to statutes:

- “children at risk” includes dropouts, habitual truants, parents, or adjudicated delinquents who are either in grades 5 through 12 and are two or more years behind their age group in basic skill levels or in grades 9 through 12 and are one or more years behind their age group in the number of high school credits attained;
- each year, each school district must identify enrolled children at risk and develop a plan to meet their needs;
- a school district must apply for aid under the program if in the previous school year it had 50 or more dropouts and a dropout rate exceeding 5 percent of its total high school enrollment;
- a school district may apply for aid under the program if in the previous school year it had 40 or more dropouts; and
- aid payments are based on the number of individual at-risk students who met designated performance criteria, such as whether they advance to the next grade, during the previous school year.

The program was modified substantially in 1993.

In addition, the Legislative Audit Bureau is required to conduct biennial evaluations of district eligibility, performance criteria, and state aid payments under the Children At Risk program.

This is our fifth evaluation of the Children At Risk program. When we completed our fourth evaluation (report 95-1), the modified Children At Risk program had been in effect for only one year, and it was not possible to determine whether or how the program was affecting the dropout rate or the number of students graduating from high school. At that time, however, we did determine that program changes had:

- reduced the number of school districts eligible to receive aid under the program;
- resulted in a decline in both the number of at-risk students identified as being eligible for aid and the number of students who met performance criteria; and
- decreased aid payments under the program so that less than the entire \$3.5 million GPR appropriation was spent.

As part of our current evaluation, we again reviewed the available data and trends regarding school district eligibility for funding, pupil performance criteria, and state aid payments. Our current review is consistent with our 1995 evaluation in finding that the Children At Risk program is not a statewide program but, in fact, provides limited funding to a small number of school districts. Because the Department of Public Instruction is responsible for administering the program, we also reviewed its oversight activities. In addition, we reviewed services school district at-risk programs provide, as well as the Milwaukee Public Schools (MPS) practice of contracting with private, nonprofit, nonsectarian agencies for programming services. Finally, we considered options for the Children At Risk program's future.

In conducting our evaluation, we reviewed documents school districts submitted to the Department for Children At Risk program funding purposes. We contacted the 14 school districts that received program funding in the 1995-97 biennium, as well as school districts that have never received funding under the current program. Because MPS has received the majority of funding distributed since the current program took effect, we also interviewed district staff; reviewed contract and school performance materials related to programming MPS provided through private, nonprofit, nonsectarian agencies; and met with representatives of the 18 schools with which MPS currently has contracts to provide programs for its at-risk students.

Services provided by school districts vary.

School districts provide a broad range of services to meet the requirements of the Children At Risk program. Services may include guided study halls that teach study skills and provide tutorial help; individual counseling by a school social worker, counselor, or psychologist; and a parenting laboratory that provides a day care and a counseling and education program for student parents. Some districts have also organized staff into "child study teams" to write individual at-risk student service plans, and 9 of the 14 school districts that received at-risk funding in 1995-96 have alternative high schools to serve primarily at-risk students. In addition:

- each of the four Appleton Area School District middle schools has a multi-disciplinary "child-study team" to assess at-risk pupil needs;
- the Focus Program at Manitowoc's Washington Junior High School provides a counselor for at-risk children at each grade level and creates special at-risk student study groups;
- the Sheboygan Area School District's Riverview Alternative High School provides more intensive full-day instruction with low student-teacher ratios to 98 primarily at-risk students in a location physically separate from the District's two established high schools; and
- MPS uses program contracting authority to provide full-day education at 18 partnership schools with non-traditional curriculums that often embrace African-American, Hispanic, and Native American cultural elements.

PROGRAM PARTICIPATION AND FUNDING

The current program provides funds to a few school districts.

When the Children At Risk program went into effect ten years ago, during the 1986-87 school year, the Legislature envisioned a program that would help to reduce the number of children dropping out of school in Wisconsin prior to graduating from high school. The program included several components designed to ensure the needs of at-risk students were addressed in each school district in the state, with funding made available to those school districts that had the most serious dropout problems. Today, as a result of modifications included in 1993 Wisconsin Act 16, the Children At Risk program does not have a statewide focus. Rather, it has essentially become a grant program of financial benefit to a few school districts.

District Funding Eligibility

Districts receive program funds based on the performance of at-risk students.

A school district's eligibility for Children At Risk program funding is determined annually. At the end of each school year, each school district is required to calculate the number of its dropouts and its dropout rate for that school year in order to determine whether it must or may apply for program funding for the next school year. A district with 50 or more dropouts and a dropout rate exceeding 5 percent of its total high school enrollment must apply for funding, whereas a district with 40 or more dropouts may do so. Funding is provided based on the measured performance of at-risk students enrolled in a district's program during the year for which funding is requested; payment is made in the subsequent school year.

As shown in Table 1, the change to the program has had the desired effect in concentrating funding where the need was the greatest: since the 1993-94 school year, no more than 19 of the State's 427 school districts have been eligible to apply for program funding in any one year. Of these 19 districts, not more than four have been required to apply for aid in any given year. In addition, only two school districts—MPS and Racine—were required to apply for aid in each of the three years since the current program took effect. In comparison, 18 had been required to apply for aid for the 1992-93 school year, and 39 school districts had been eligible to do so.

Table 1

**School Districts Required or Eligible to Apply for
Children At Risk Program Funding
School Years 1993-94 through 1995-96**

<u>School District</u>	1993-94		1994-95		1995-96	
	<u>Required</u>	<u>Eligible</u>	<u>Required</u>	<u>Eligible</u>	<u>Required</u>	<u>Eligible</u>
Appleton Area		X		X		X
Beloit		X	X			X
Eau Claire Area				X		X
Fond du Lac		X		X		X
Green Bay Area		X		X		X
Hartford		X		X		X
Janesville		X		X		X
Kenosha	X			X	X	
La Crosse		X		X		
Madison Metropolitan		X		X	X	
Manitowoc		X		X		X
MPS	X		X		X	
Neenah				X		X
Oshkosh Area		X		X		X
Racine	X		X		X	
Sheboygan Area		X		X		X
Tomah Area		X				
Waukesha				X		X
Wausau		X				X
West Allis		X		X		X
West Bend						X
Wisconsin Rapids		X		X		
Total	3	15	3	16	4	15

It should be noted that department staff do not believe they have an obligation to inform school districts of their eligibility for Children At Risk program funds. While the Department has sent, in each of the past three years, notification letters to the school districts that were eligible for funding, these letters were sent "only as a courtesy." Department staff have indicated, however, that they will continue to provide notification to all eligible school districts. They will do so twice: prior to the commencement and immediately following the close of the school year for which funding is available and services are to be provided.

Children At Risk Served

Only school districts that apply for program aid report the number of at-risk students enrolled.

Although every school board is required to identify the children at risk who are enrolled in the district, the Department does not collect information about the total number of at-risk students identified throughout the state. Rather, the Department collects enrollment information about at-risk students enrolled in at-risk programs from only those school districts that are mandated or that elect to apply for aid.

As reflected in Table 2, the number of students enrolled in at-risk programming within the districts that applied for aid increased by approximately 30.1 percent between 1993-94 and 1994-1995. In contrast, the percentage change between 1994-95 and 1995-96 was only 6.1 percent. It should be noted that Table 2 does not reflect the total number of at-risk students identified by each district. According to s. 118.153(3)(a)2, Wis. Stats., districts are to enroll at-risk students in at-risk programming only at their request or at the request of their parents or guardians. Because some students choose not to enroll in an at-risk program, the total enrollment in these programs is less than the total number of at-risk students identified.

Table 2

**Students Identified as At-Risk and
Enrolled in At-Risk Programming**

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Percentage Change, 1993-94 to 1994-95</u>	<u>Percentage Change, 1994-95 to 1995-96</u>
Appleton Area	371	298	402	(19.7)%	34.9%
Beloit	697	619	418	(11.2)	(32.5)
Eau Claire Area	N.A.	N.A.	170	N.A.	N.A.
Green Bay Area	1,768	563	865	(68.2)	53.6
Janesville	701	738	747	5.3	1.2
Kenosha	1,001	1,316	1,699	31.5	29.1
Madison Metropolitan	N.A.	N.A.	142	N.A.	N.A.
Manitowoc	N.A.	N.A.	359	N.A.	N.A.
MPS	8,011	13,592	13,278	69.7	(2.3)
Oshkosh Area	76	73	78	(3.9)	6.8
Racine	1,818	2,522	2,720	38.7	7.8
Sheboygan Area	486	192	144	(60.5)	(25.0)
Tomah Area	135	N.A.	N.A.	N.A.	N.A.
Wausau	179	N.A.	N.A.	N.A.	N.A.
West Allis	204	178	174	(12.7)	(2.2)
West Bend	<u>N.A.</u>	<u>N.A.</u>	<u>121</u>	N.A.	N.A.
Total/Average	15,447	20,091	21,317	30.1%	6.1%

N.A. = School district did not apply for Children At Risk program funding for the noted school year.

The large increase in the number of pupils enrolled between 1993-94 and 1994-95 is mainly attributable to some school districts, particularly MPS, learning how to better identify their at-risk population. MPS increased the number of students identified and enrolled in an at-risk program by almost 70 percent between 1993-94 and 1994-95 by interpreting the statutory criteria for determining whether a student is at-risk more broadly. Without the increase in the number of at-risk students identified by MPS, overall enrollment in at-risk programs would have decreased 12.6 percent between 1993-94 and 1994-95.

The Department has supported a broad interpretation of the statutory criteria for identifying at-risk students.

The broad interpretation of the definition of an at-risk student by MPS was supported by the Department. Examples of how different criteria were interpreted include:

- one criterion for determining whether a student is at risk is whether that student is two or more years behind his or her age group in the basic skill levels, typically defined as reading and mathematics. In order to determine whether a student is behind, MPS staff consider the different sections of mathematics tests separately. If a student failed the problem-solving portion with a score two or more years below grade level yet passed the computation portion, MPS would consider the student to meet this criterion.
- a second criterion for determining whether a student is at-risk is whether that student is one or more years behind his or her age group in the number of high school credits earned. MPS staff apply this criterion to their middle schoolers, although high school credits are not typically earned by such students. MPS staff determine whether a middle school student meets the criterion if he or she has failed at least twice before. For example, a seventh grader who had been held back twice would be considered by MPS to be two years behind the number of high school credits earned.

The overall goal of increasing the number of students identified at-risk appears to have been to increase the likelihood that additional aid payments would be made under the program.

Program Funding

The demand for program funds exceeded the \$3.5 million appropriated for school year 1995-96.

School districts that apply for Children At Risk program funding receive additional state aid in an amount equal to 10 percent of the school district's average per pupil state aid for each pupil enrolled in an at-risk program who achieves at least three of the five statutorily determined performance criteria. In the three years since the changes to the program went into effect, the amount of aid paid has increased for two reasons. First, the number of students meeting criteria has increased. Second, the per pupil aid upon which payments are based has increased. As a result, unlike in the two previous years, demand for program funds exceeded the total \$3.5 million appropriated for program for the 1995-96 school year. However, MPS continued to receive the greatest proportion of the funding provided.

Student performance criteria are established in state statute.

Student Performance

The performance measures, established by s. 118.153(4)(c), Wis. Stats., are:

- the pupil's attendance rate was at least 70 percent;
- the pupil remained in school;
- if a high school senior, the pupil graduated;
- the pupil earned at least 4.5 academic credits; and
- for each month enrolled in an at-risk program, the pupil demonstrated a month's gain in reading and mathematics.

Although the number of enrolled at-risk students who met at least three performance criteria is less than one-half of the enrolled at-risk students, this number has increased by 39.8 percent from school year 1993-94 to school year 1995-96.

However, as reflected in Table 3, the largest increase in the number of students enrolled who met performance criteria occurred between 1993-94 and 1994-95. A large portion of this increase resulted from the overall increase in the number of at-risk students identified and enrolled in the program. In addition, efforts were made to interpret the performance criteria as broadly as possible, which allowed additional students to qualify for aid payments. In particular, during the course of our last evaluation, the Department worked with the districts to use "other appropriate measures," such as whether or not a student passed a course in reading or mathematics, to determine whether the student made acceptable gains in these areas and could, therefore, be counted as achieving this performance criterion. Again, the effect of this effort was most dramatic in MPS, where the number of students who met performance criteria increased by 91.4 percent between 1993-94 and 1994-95, but essentially leveled off between 1994-95 and 1995-96.

Table 3

Students Eligible for Children At Risk Program Funding

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Percentage Change, 1993-94 to 1994-95</u>	<u>Percentage Change, 1994-95 to 1995-96</u>
Appleton Area	302	164	280	(45.7)%	70.7%
Beloit	388	339	149	(12.6)	(56.0)
Eau Claire Area	N.A.	N.A.	42	N.A.	N.A.
Green Bay Area	768	199	212	(74.1)	6.5
Janesville	591	620	609	4.9	(1.8)
Kenosha	442	405	471	(8.4)	16.3
Madison Metropolitan	N.A.	N.A.	63	N.A.	N.A.
Manitowoc	N.A.	N.A.	222	N.A.	N.A.
MPS	3,275	6,267	6,190	91.4	(1.2)
Oshkosh Area	65	48	51	(26.1)	6.2
Racine	967	1,399	1,623	44.7	16.0
Sheboygan Area	225	53	67	(76.4)	26.4
Tomah Area	67	N.A.	N.A.	N.A.	N.A.
Wausau	23	N.A.	N.A.	N.A.	N.A.
West Allis	61	41	32	(32.8)	(21.9)
West Bend	<u>N.A.</u>	<u>N.A.</u>	<u>16</u>	N.A.	N.A.
Total/Average	7,174	9,535	10,027	32.9%	5.2%

N.A. = School district did not apply for Children At Risk program funding for the noted school year.

State Aid Payments

Fourteen school districts received program aid for the 1995-96 school year.

As noted, to determine state aid payments, the number of students meeting the performance criteria is multiplied by 10 percent of each school district's average per pupil state aid, which includes equalization, integration, and special adjustment payments. In addition to the 39.8 percent increase in the number of students eligible for Children At Risk program funding from 1993-94 to 1995-96, the average per pupil state aid increased by 13.1 percent. As a result, as reflected in Table 4, the amount distributed to school districts has increased in each year since 1993-94. For the 1995-96 school year, the entire \$3.5 million appropriated, to be paid in FY 1996-97, will be expended. Because the 14 districts that applied for funding for the 1995-96 school year were eligible to receive more aid than was available under the program, the amount to be paid to each school district has been prorated at 98.57 percent.

Table 4

**Distribution of Children At Risk Program Funding
for Participating School Districts***

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>
Appleton Area	\$ 46,179	\$ 32,092	\$ 61,979
Beloit	151,129	144,757	68,556
Eau Claire Area	0	0	13,427
Green Bay Area	157,240	47,624	54,450
Janesville**	137,595	168,754	167,590
Kenosha	95,654	102,614	133,000
Madison Metropolitan	0	0	1,033
Manitowoc	0	0	51,948
MPS	1,070,827	2,189,838	2,413,658
Oshkosh Area	10,514	9,242	11,388
Racine	228,811	384,210	493,488
Sheboygan Area	58,558	15,310	21,021
Tomah Area	16,023	0	0
Wausau	5,401	0	0
West Allis	3,939	5,306	5,360
West Bend	<u>0</u>	<u>0</u>	<u>3,102</u>
Total	\$1,981,870	\$3,099,747	\$3,500,000

* Aid payments are made in the following fiscal year.

** Janesville's 1995-96 payment was reduced by \$2,679 to reflect an error in the number of children at risk reported as eligible for funding for school year 1994-95.

MPS, Racine, and Janesville received 87.8 percent of program funding for school year 1995-96.

Of the funds provided to school districts since the 1993-94 school year, approximately 70 percent have been distributed to MPS. For the 1995-96 school year, MPS will receive nearly 69 percent of the available funds, as reflected in Table 5. Three districts—MPS, Racine, and Janesville—account for \$3,074,736, or 87.8 percent, of the funding paid to districts for the 1995-96 school year, with slightly more than \$400,000 distributed among the remaining 11 districts that participated in the program.

Table 5

**Percentage Distribution of 1995-96
Children At Risk Program Funding**

<u>School District</u>	<u>Children At Risk Aid Received</u>	<u>Percentage of Total Children At Risk Aid</u>
Appleton Area	\$ 61,979	1.77%
Beloit	68,556	1.96
Eau Claire Area	13,427	0.38
Green Bay Area	54,450	1.56
Janesville*	167,590	4.79
Kenosha	133,000	3.80
Madison Metropolitan	1,033	0.03
Manitowoc	51,948	1.48
MPS	2,413,658	68.96
Oshkosh Area	11,388	0.33
Racine	493,488	14.10
Sheboygan Area	21,021	0.60
West Allis	5,360	0.15
West Bend	<u>3,102</u>	<u>0.09</u>
Total	\$3,500,000	100.00%

* Reflects decrease in 1995-96 payment by a \$2,679 overpayment made for school year 1994-95.

As noted, the remaining 413 school districts did not apply for or receive any funding under the program. Because these districts did not apply for aid, they were not required to provide a program for those students that met the State's at-risk criteria. Rather, these districts are required only to identify the children at risk enrolled in the district and develop a plan describing how the district will meet their needs. This is a direct result of the changes included in 1993 Wisconsin Act 16, which eliminated the requirement previously included in statute that all districts with at-risk pupils, regardless of whether they receive Children At Risk program funds, make available programs to serve their at-risk students.

The districts with whom we spoke do provide some special services to a broader group of high risk students than those defined by statute. However, the requirement of the Children At Risk program to provide programming to such students, because it is linked to the program

funding, is not relevant to most districts. Therefore, it is questionable whether it is realistic to expect the Children At Risk program to have an effect on dropout and graduation rates throughout the state, as originally intended by the Legislature.

Because only those districts that apply for funds are required by statute to provide an at-risk program, the effectiveness of the Children At Risk program would best be measured by comparing the graduation and dropout rates of students in these districts who participate in such programming to similar students who do not. However, such an analysis cannot be completed for several reasons:

- because school districts generally have not tracked the use of Children At Risk program funds, it is not possible to determine which district programs have actually been created and maintained in response to the State's Children At Risk program requirements;
- the school districts have used other local, state, and federal funds to supplement program funds, making it difficult to isolate the unique contributions of the State's Children At Risk program; and
- no control group has been established to which students enrolled in an at-risk program can be compared.

Available performance information provides little insight into the program's effectiveness.

Because of these limitations, we reviewed other indicators of performance, including trends in the student dropout rate and the graduation rate, as well as Children At Risk program performance data for the ten school districts that have received funding in each of the three years since the program was modified. We found that the available performance information provides little insight into the program's effectiveness. In addition, questions can be raised about whether it is reasonable to expect a connection between student performance and the Children At Risk program.

Graduation and Dropout Rates

School districts are required to report student enrollment, dropout, and graduation information to the Department annually. For the three school years that have been completed since the Children At Risk program's modification, the Department:

- calculated the graduation rate by comparing the number of 12th graders enrolled in high school on the third Friday in September to the number of graduates for that same year, and
- calculated the dropout rate by dividing the number of dropouts by the enrollment in grades 9 through 12 on the third Friday in September. A dropout is defined as any student who stops attending school, does not return, and is not in attendance on the last day of class. A student meeting these criteria is not a dropout, however, if he or she has transferred to another school; is excused, imprisoned, or hospitalized; or has died.

A review of the dropout and graduation rates of the ten districts that applied for and received funding for the three years since the changes to the program went into effect reflects mixed results.

Trends in graduation rates for the ten participating districts are inconsistent.

As shown in Table 6, the graduation rates for these ten school districts showed little change over the three-year period and do not differ substantially from the statewide average. Of the ten districts, six showed improvement in their graduation rates over the three-year period, while four did not. However, the trends were not constant:

- only one district—Racine—had continuously falling graduation rates;
- three districts—Appleton Area, Kenosha, and Oshkosh Area—consistently improved their graduation rates; and
- the remaining six districts, including MPS and Janesville, did not have consistent patterns in terms of either increasing or decreasing graduation rates.

Table 6

Graduation Rate of School Districts that Participated in the Children At Risk Program During Each School Year

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Change 1993-94 to 1995-96</u>
Appleton Area	91.8%	95.1%	100.0%	8.2%
Beloit	85.7	86.0	79.9	(5.8)
Green Bay Area	87.6	80.0	92.8	5.2
Janesville	95.0	83.6	86.8	(8.2)
Kenosha	86.8	89.2	89.8	3.0
MPS	88.6	84.8	86.1	(2.5)
Oshkosh Area	91.7	91.8	94.2	2.5
Racine	88.9	87.6	86.8	(2.1)
Sheboygan Area	95.1	93.0	96.5	1.4
West Allis	89.9	96.7	96.7	6.8
Average	89.5%	87.5%	90.0%	0.5%
Statewide Average	90.2%	90.2%	91.1%	0.9%

Trends in dropout rates are also inconsistent.

The average overall dropout rate for the ten districts has declined in each of the last three years, as has the statewide dropout rate. However, as is the case with graduation rates, there are no clear trends within the districts, as reflected in Table 7. For example:

- one district—MPS—had continuously falling dropout rates;
- two districts—Green Bay Area and Racine—had continuously rising dropout rates; and
- the remaining seven districts did not have consistently rising or falling dropout rates.

Table 7

**Dropout Rate of School Districts that Participated in the
Children At Risk Program During Each School Year**

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Change 1993-94 to 1995-96</u>
Appleton Area	1.7%	2.1%	1.1%	(0.6)%
Beloit	6.3	4.9	5.3	(1.0)
Green Bay Area	1.3	2.3	2.4	1.1
Janesville	2.8	2.0	2.2	(0.6)
Kenosha	4.2	5.6	4.7	0.5
MPS	15.4	12.8	9.9	(5.5)
Oshkosh Area	3.8	2.9	3.8	0.0
Racine	6.0	6.2	8.7	2.7
Sheboygan Area	3.3	3.2	3.6	0.3
West Allis	2.5	2.3	3.2	0.7
Average	8.2%	7.3%	6.4%	(1.8)%
Statewide Average	2.9%	2.7%	2.4%	(0.5)%

Of particular interest is that three of the four districts that experienced overall decreases in their dropout rates—Beloit, Janesville, and MPS—also experienced decreases, rather than increases, in graduation rates. This is likely to reflect the fact that the graduation rate is based on the experience of seniors only, while the dropout rate is designed to reflect the experience of all students enrolled in grades 9 through 12. Therefore, a district may be able to retain more students in grades 9 through 11 but have difficulty in retaining and graduating students in grade 12.

The way in which graduation and dropout rates are calculated may be flawed.

Another consideration is whether the manner in which the Department calculates graduation and dropout rates yields data that reflect student performance. The progress of individual students is not followed. Rather, the rates are based on total student enrollment, with the base number used in the calculations determined on the third Friday of September. No adjustment to the third Friday enrollment count is made if students enter or leave a school district during the year. Therefore, students who do so are accounted for in only the final number of graduates or dropouts, but not in the original enrollment number. This can result in either an underestimation or an overestimation of the base used to determine rates, which skews results.

For example, if a school district that has 100 9th through 12th graders enrolled on the third Friday in September gains ten new students during the school year, but ten students drop out, the district's dropout rate would be 10 percent based on the fact that only 100 students were enrolled on the third Friday. However, the district's total enrollment for the year actually equaled 110. The use of 110 as the base would lower the dropout rate. Similarly, a student may begin the school year but drop out prior to the third-Friday count. This student would not be reflected in the district's count of either students or dropouts.

Problems can also occur in determining the graduation rate. The Department has acknowledged these problems, noting in its 1994-95 School Performance Report that the graduation rate may be skewed and could, because of the way it is reported, be greater than 100 percent. For example, in the 1993-94 report, the Elroy-Kendall-Wilton school district had 65 12th-grade students enrolled on the third Friday in September but graduated 67 in June, resulting in a reported graduation rate of 103.1 percent.

Children At Risk Program Performance Data

There has been little change in the percentage of at-risk students who meet performance criteria.

A more direct reflection of the success of the Children At Risk program than that shown by graduation and dropout rates may be obtained by measuring the achievement of students who meet Children At Risk performance criteria. While the information reflects mixed results, it does show that there has not been a material increase in the percentage of at-risk students meeting performance criteria over the three-year period.

Students Meeting Criteria

As shown in Table 8, 46.8 percent of the students enrolled in at-risk programs during school year 1993-94 achieved three or more performance criteria; in 1995-96, this percentage increased slightly, to 47.2 percent.

Table 8

**At-Risk Students Who Achieved Performance Criteria
as a Percentage of At-Risk Students Enrolled in At Risk Programming
in School Districts that Participated in the
Children At Risk Program During Each School Year**

<u>School District</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Change 1993-94 to 1995-96</u>
Appleton Area	81.4%	55.0%	69.7%	(11.7)%
Beloit	55.7	54.8	35.7	(20.0)
Green Bay Area	43.4	35.4	24.5	(18.9)
Janesville	84.3	84.0	81.5	(2.8)
Kenosha	44.2	30.8	27.7	(16.5)
MPS	40.9	46.1	46.6	5.7
Oshkosh Area	85.5	65.8	65.4	(20.1)
Racine	53.2	55.5	59.7	6.5
Sheboygan Area	46.3	27.6	46.5	0.2
West Allis	29.9	23.0	18.4	(11.5)
Average	46.8%	47.5%	47.2%	0.4%

However, unlike the dropout and graduation data for the entire student population, the data regarding the percentage of at-risk students who met performance criteria reflects more consistency within the districts. For example:

- there was no clear trend in student performance in two districts—Appleton Area and Sheboygan Area;
- in six of the ten districts, the percentage of at-risk students meeting performance criteria declined in both 1994-95 and 1995-96, as compared to 1993-94; and
- in two districts—MPS and Racine—the percentage of at-risk students meeting performance criteria improved consistently.

There may be several explanations for these trends. In particular, the increase in the percentage of MPS students meeting the criteria may be largely attributable to the broader interpretation of performance criteria that occurred between the 1993-94 and 1994-95 school years, particularly

given that the percentage leveled off for the 1995-96 school year. However, the increase in Racine continued in 1995-96 and, therefore, is not likely attributable to the same phenomenon.

Graduation Rates

Graduation rates for at-risk seniors have improved overall.

Another indicator of the success of the Children At Risk program may be the graduation rate of at-risk seniors. Information about at-risk senior graduation rates is available because it is one of the applicable performance criteria. Using information the districts provided to the Department, we calculated a graduation rate for the at-risk seniors enrolled in at-risk programs in each of the ten districts for the three-year period since the program's change. As can be seen in Table 9, the graduation rate for at-risk seniors increased significantly between 1993-94 and 1994-95; it declined in 1995-96. This is largely because graduation rates for MPS showed a large increase between the first two years but leveled off between the second and third.

Table 9

**At Risk Seniors Who Graduated
in School Districts that Participated in the
Children At Risk Program During Each School Year**

<u>School Districts</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>Change 1993-94 to 1995-96</u>
Appleton Area	65.7%	68.9%	81.2%	15.5%
Beloit	30.6	32.0	6.8	(23.8)
Green Bay Area	11.7	51.8	24.1	12.4
Janesville	87.1	88.7	88.0	0.9
Kenosha	46.4	42.4	36.0	(10.4)
MPS	62.0	72.5	70.2	8.2
Oshkosh Area	38.5	54.5	70.0	31.5
Racine	61.7	60.8	57.8	(3.9)
Sheboygan Area	35.1	23.5	70.6	35.5
West Allis*	0.0	0.0	0.0	0.0
Total	49.2%	63.2%	60.2%	11.0%

* West Allis had 5, 15, and 8 at-risk seniors during the 1993-94, 1994-95, and 1995-96 school years, respectively. District reports indicate that none of these seniors graduated.

A direct comparison of the graduation rate of seniors identified as at-risk to the graduation rate of the overall student population within these districts or across the state is not possible because the two rates are calculated differently. Nevertheless, it is apparent that the graduation rate for at-risk students is significantly less than for the general student population. This, however, is not unexpected, given the definition of an at-risk student.

Overall, it is difficult to reach a definitive conclusion regarding the effectiveness of the Children At Risk program. On the one hand, it would appear that some of the districts that receive funding have shown improvements in either their graduation rates or their dropout rates. On the other hand, only one district—Appleton Area—showed an improvement in both its graduation rate and its dropout rate. At the same time, however, the percentage of Appleton Area's at-risk students that met the State's performance criteria under the Children At Risk program declined substantially.

Furthermore, while some may argue that MPS, which has the highest dropout rate among these ten districts, has seen a decline in this rate, it is questionable whether the decline can be attributed to the Children At Risk program. On the one hand, Children At Risk program legislation requires MPS to provide special programs to at-risk students and, therefore, the decline in the district's dropout rate may be linked to this program. On the other hand, other measures of student performance have shown varied results. While the dropout rate has declined, so has the graduation rate. Furthermore, while the percentage of students achieving at-risk program standards increased between 1993-94 and 1994-95, this percentage leveled off in 1995-96. Similarly, the percentage of seniors who graduated also increased during the first two years but leveled off during the third.

Additional Considerations

It may not be reasonable to expect the program alone to affect student performance.

There are several reasons why it may not be reasonable to expect a direct connection between student performance and the Children At Risk program, including the limited amount of staffing support provided by the Department and the limited amount of funding available. As a result, although the changes enacted in 1993 Wisconsin Act 16 have led to the program's limited resources becoming more concentrated in those few districts with the most significant dropout problems, it appears the program has become little more than another source of revenue for these districts. Given the limited amount of funds available for the program, it is not clear that a significant restructuring will have any effect on student

performance. Consideration could be given, however, to three options regarding the limited funding that is available.

Departmental Action

Since the inception of the Children At Risk program, the funding available through it has been intended to serve as an incentive for districts to improve the retention and performance of their at-risk students. The Department's actions have, however, done little to reinforce the incentive aspect of the program. First, as previously noted, department staff worked with some districts in the first year following program changes to maximize both the number of students identified as at-risk and the number of students who met the established performance criteria, by allowing the districts to apply as broad a definition of achievement as possible. While department staff state the goal of this activity was to clarify further the criteria established in statute, it did not promote the increased retention of students but did promote an increase in the amount of funding for those districts that applied for aid under the program.

Second, the Department has done little to ensure the accuracy of the information provided to it by those districts applying for funds. As a result, although the Department had already paid school districts in March 1996 for the 1994-95 school year, and had prepared an estimate of payments to be made in 1997 for the 1995-96 school year based on these reports, it was unaware of several inaccuracies that a simple review would have noted, including that:

- some students were claimed for funding purposes who met only two of the three necessary criteria;
- the number of students one district claimed as achieving performance criteria exceeded the number of students enrolled in at-risk programs; and
- several districts counted 5th and 6th grade students as having earned at least 4.5 credits in a school year, although typically credits are not counted until high school.

Although 1993 Wisconsin Act 16 purposely limited the scope of the Department's responsibilities, it is not unreasonable to expect the Department to manage the fiscal administration of the program carefully and provide leadership to school districts implementing at-risk programs. As noted, department staff have stated that they will ensure school districts are notified of their eligibility for program funding. However, additional oversight of the program is needed to ensure that aid payments

are made appropriately. Therefore, we recommend the Department of Public Instruction take appropriate steps to:

- identify and inform those districts that meet the statutory criteria of their eligibility to apply for aid under the program;
- review the calculation of district performance results prior to awarding program payments; and
- if adequate resources are available, provide technical assistance to all districts eligible for Children At Risk funding by producing and distributing written material designed to promote consistency in the procedures by which districts determine whether students meet the statutory achievement criteria on which program payments depend and to disseminate information about innovative programs participating districts have developed to serve at-risk children.

Funding Structure

The Children At Risk program's funding structure calls into question whether the program can be expected to have a significant effect on dropout and graduation rates. First, participating districts receive their funding almost one year after reporting on the performance of the at-risk students served, and the funds are not segregated to fund services for at-risk children. Therefore, it is not possible to link Children At Risk funding to a specific service or program provided to students.

Second, as shown in Table 10, the program provides only a small amount of additional funding to school districts per at-risk student served. Children At Risk program funds represented, at most, 3.3 percent of the districts' per pupil costs for school year 1995-96. In addition, the average per pupil program aid received was \$167, a limited amount that cannot purchase a wide range of services for a district's at-risk students.

Program funding is limited and cannot purchase a wide range of services.

Table 10

**Additional Children At Risk Program Aid
Received for Each Student Enrolled in an
At Risk Program
School Year 1995-96**

<u>District</u>	<u>Cost per Student</u>	<u>Program Aid Received per Student Enrolled</u>	<u>Program Aid as a Percentage of Cost</u>
Appleton Area	\$6,681	\$154	2.3%
Beloit	8,020	164	2.0
Green Bay Area	7,270	63	0.9
Janesville	6,872	224	3.3
Kenosha	6,912	78	1.1
MPS	7,392	182	2.5
Oshkosh Area	6,587	146	2.2
Racine	7,178	181	2.5
Sheboygan Area	7,304	146	2.0
West Allis	7,408	31	0.4
Average	\$7,162	\$167	2.3%

There are different opinions about whether the amount of funding provided through the Children At Risk program is essential to the operations of these school districts. Officials in those school districts that receive only a limited amount of funding, such as the Madison Metropolitan school district, do not believe the funding makes any difference to their programming. On the other hand, MPS officials state that although program funds are commingled with all other sources of revenue, they are essential to the district's at-risk programming. However, because the connection between the funding provided and student performance is not clear, questions can be raised about whether the funding is little more than a small grant program for a limited number of districts, calling into question whether some changes should be made to the program.

Program Options

Since it was established, the Children At Risk program has undergone several minor and one major change in an effort to address concerns about the State's dropout and graduation rates. Whether any additional major changes to the program would further promote its purposes is not

clear, given the limited amount of funding involved. The Department, in recognition of this, has developed proposals designed to eliminate and replace the program. For example, in its 1997-99 biennial budget proposal, the Department proposed the development of regional service centers, administered by Cooperative Educational Service Agencies, to provide counseling and referral services to a more broadly defined population of at-risk students. School districts with a large number of dropouts would continue to be eligible for direct aid payments. The Department's proposal was not, however, included in 1997 Senate Bill 77, the 1997-99 biennial budget bill.

Changes could be made to the program's funding formula.

Nevertheless, if the Children At Risk program is to be continued, consideration could be given to whether changes to the funding formula are necessary. Three options, which vary in their effect, could be pursued without significantly changing program requirements.

First, the current program funding method could be replaced by a competitive grant program that would help school districts develop and implement innovative at-risk programs. Eligibility for grants could be determined based on dropout rates, as is currently the case, but program funding could be awarded for implementation of at-risk programming activities, teacher training, and funding at-risk program personnel. The Legislature could direct the Department to evaluate program results and share results with school districts throughout the state.

A grant program would result in program funds being spent directly on specific services for at-risk students and also require the Department to monitor the use of program funds more closely. Section 118.153(5), Wis. Stats., already provides that MPS shall use the funds received through the Children At Risk program to expand successful programs for children at risk. A grant program would allow funds to be directed to the most innovative or successful programs, and districts could determine what works best with their student populations. In addition, funding access could be expanded to different groups, such as a Cooperative Educational Service Agency, for the purposes of staff development. Department staff would have to monitor the use of these funds to ensure that they were spent directly on at-risk services.

A second option would recognize that three districts—MPS, Racine, and Kenosha—routinely are required to apply for funds under the program. Therefore, a base level of funding could be established for only these districts, whose high number of dropouts suggests the greatest need for programming to encourage students to attain high school diplomas. In addition, these three districts have received somewhat more than 86 percent of the Children At Risk funding distributed during the past two years, with MPS receiving most of the funds.

Third, because the funding received by participating school districts is limited, the Legislature could consider maintaining the program as it currently exists, but eliminating the funding. School districts that do not participate in the Children At Risk program appear to serve at-risk students even without a statutory mandate to do so. In addition, other funding is available to serve "high risk" students, a group that includes at-risk students. For example, for FY 1996-97, the federal government provided \$143,315,300 to Wisconsin to fund programs such as:

- the Carl D. Perkins Vocational Education Act, which serves single parents, single pregnant women, and students in corrections programs;
- the Carl D. Perkins Vocational Education Act, Title III, for technical education;
- migrant educational services;
- education for homeless children and youth; and
- Title I funding for neglected and delinquent students.

The State also provided \$62,648,600 in program aids for bilingual-bicultural, alcohol and other drug abuse, and several urban initiative programs designed to serve similar populations.

Therefore, if Children At Risk program funding were to be eliminated, those school districts that currently receive funding would continue to have access to alternative sources of funds to pay for their at-risk programs. In addition, if the Legislature maintained all other aspects of the program as they currently exist, those districts with the most difficult dropout problems would continue to be required to provide programming. The districts would also maintain the authority given to them under s. 118.153(3)(c), Wis. Stats., to identify appropriate private, nonsectarian agencies located inside the district or within five miles of district boundaries to provide programming for enrolled children at risk. Currently, however, MPS is the only school district that contracts with private agencies to provide educational services to its at-risk student population.

Only MPS contracts with private educational agencies for the provision of at-risk services.

Since the inception of the Children At Risk program, MPS has been authorized by statute to provide services for not more than 30 percent of its at-risk students under contract with private, nonprofit, nonsectarian education agencies located inside or within five miles of its boundaries. These agencies are known as partnership schools. All other school districts that apply for program aid were granted similar contracting authority under 1993 Wisconsin Act 16, but only MPS has chosen to provide services under the Children At Risk program through partnership schools.

Partnership schools are to be paid an amount equal to at least 80 percent of a district's average per pupil cost for each full-time equivalent (FTE) pupil served. Both the number of partnership schools with which MPS contracts and the number of pupils served by the schools have increased significantly since the 1986-87 school year; for example, the number of pupil seats for which MPS contracts increased almost fivefold in ten years. During the same period, the value of contracts between MPS and its partnership schools increased by over \$7 million, from \$1 million to \$8.1 million. However, we found that MPS has not systematically compared the performance of partnership schools to its own alternative school programs. In addition, contract management issues need to be addressed.

Reliance on Partnership Schools

MPS identified and enrolled 13,278 students in at-risk programs during school year 1995-96. Services are provided through a variety of programs:

- at-risk programs in its regular schools;
- alternative programs housed in separate facilities, such as the Lady Pitts School, which serves at-risk school-age parents;
- contracts with private agencies to provide educational programming to at-risk students who are sent to these agencies as a result of a judicial decision; and
- contracts with partnership schools to provide services to at-risk students.

MPS reliance on partnership schools has increased substantially in the past ten years.

Since the Children At Risk program's establishment, MPS has increasingly relied on its partnership schools to provide programming for its at-risk students. In addition, costs have increased to pay for these programs.

Enrollment

Because MPS makes more than one program available for at-risk children, it is required by statute to allow pupils' parents or guardians to select the programs in which their children will enroll if they meet program prerequisites. To facilitate this selection, the MPS Division of Alternative Programs sends each identified at-risk student's parent or guardian a letter indicating that his or her child could benefit from an MPS alternative program. Information is provided regarding the options available to the student, including the partnership schools, and the availability of guidance counselors who can help determine appropriate alternative programming. Enrollment in a partnership school is prohibited only if classroom space is unavailable or the child and his or her parent do not agree to admissions conditions stipulated by the partnership school, such as maintaining at least a 70 percent attendance rate.

MPS contracted for 1,605 seats for the 1996-97 school year.

Growth in the number of MPS students electing to enroll in a partnership school rather than an MPS-managed program is reflected by the growth in the number of partnership schools under contract with MPS and the number of seats provided by these schools. For the 1986-87 school year, which is the first year MPS was authorized to contract for at-risk programming services, only seven contracts were in place, and MPS contracted for a total of 279 seats, although records indicate that a total of 392 students were served by partnership schools. Ten years later, MPS has contracts with 18 partnership schools, for a total of 1,605 seats, as shown in Table 11. According to MPS staff, without the classroom seats provided by the partnership schools, it is unlikely the district could educate these students within its existing facilities; additional MPS classroom space would be needed.

Table 11

**Contracted Classroom Seats with MPS Partnership Schools
1996-97 School Year**

<u>School</u>	<u>Seats</u>
ASSATA Alternative High School	60
Aurora Weier Educational Center	65
Cornerstone Achievement Academy	90
CYD School of Excellence	150
Fritsche (LEAP)	60
Grandview High School	205
HR Academy	60
Learning Enterprise High School	155
Loyola Academy	90
Milwaukee Spectrum, Inc.	80
NOVA	90
St. Francis Children's Center	40
Shalom High School	100
Silver Spring Neighborhood Academy	60
Spotted Eagle High School	75
Synergy High School	145
United Community Center Middle School	40
Walker's SWELL	40
Total	1,605

Expenditures

Payments to partnership schools will exceed \$8 million for the current school year.

As would be expected given the increased reliance on partnership schools, payments to the partnership schools have also increased. For the 1986-87 school year, the total value of the contracts between MPS and the seven partnership schools was \$644,180, although based on MPS documentation, a total of \$1.0 million was actually expended. In comparison, the contracted amount for 1996-97 is \$8.1 million. In addition, the district provides one full-time MPS teacher to provide instruction and support services at each partnership school. This cost, which is not reflected in the partnership school contract costs, has increased from an estimated \$245,780 for the 1986-87 school year to \$1.03 million for 1996-97.

The available documentation indicates that the per pupil partnership school contract cost for school year 1986-87 was \$3,620. In contrast, the contract amount paid for each student in grades five and six served by a

MPS payments to partnership schools exceed the amount received from the program.

partnership school during the 1996-97 school year was \$4,293, or 18.6 percent higher than the 1986-87 cost; the 1996-97 per pupil cost paid to partnership schools for students in grades 7 through 12 was \$5,906, or 63.1 higher than that paid in 1986-87.

The amount of money MPS spends on its partnership school contracts is significantly greater than the amount of funding it receives from the State from the Children At Risk program. For example, for the 1995-96 school year, which is the most recent school year for which at-risk program funds have been distributed to the district by the Department, MPS spent \$5.4 million on partnership school contracts while it received \$2.4 million in Children At Risk program aid payments. However, it should be noted that MPS budgetary practices do not require the aid payments be spent directly on at-risk services; payments are added to the district's budget, which is used to fund general education as well as at-risk costs. In addition, because only approximately 12 percent of the at-risk students enrolled in MPS are served by the partnership schools, additional expenditures are incurred by the district beyond those it makes for its partnership schools.

While the State bases its aid payments to MPS and all other districts on the number of enrolled at-risk students who meet performance criteria, MPS does not use this same criterion to reimburse its partnership schools. Rather, MPS reimburses its partnership schools a flat rate per seat, regardless of the performance of the students enrolled in the program. MPS has begun, however, to take student performance into account when determining whether to renew a contract with a partnership school.

Performance of Partnership Schools

The performance of partnership schools can be measured by considering each school's student retention and graduation rates or by measuring the performance of individual students. Individual student performance measures are the standard by which the State currently provides funding for at-risk programming. By these measures, students in partnership schools are more successful in staying in school and advancing toward a high school diploma than are at-risk MPS students served in regular schools, alternative schools, and adjudicated placement programs in which students are placed as a result of a judicial decision.

Overall School Performance

As noted, MPS reviews information regarding the effectiveness of schools as part of the contract renewal process. This process has recently improved, following the completion of an MPS internal evaluation in

1995 that included recommendations for the Division of Alternative Programs to improve the quality of information presented to the MPS Board to evaluate contract recommendations.

MPS currently reports aggregate school data to the Board in two ways. First, MPS documents six quantitative statistics for partnership schools that are similar to the statutory standards established for the Children At Risk program. Partnership schools are expected to:

- have daily average attendance rates of 70 percent;
- have enrolled students in 100 percent of all seats for which MPS has contracted;
- retain or advance 70 percent of their students;
- show substantial academic progress in reading for 70 percent of their students;
- show substantial academic progress in mathematics for 70 percent of their students; and
- graduate 70 percent of all high school seniors.

MPS has prepared an annual report that notes each school's record on these measures for the past three semesters. Based on information showing a mixed performance, the contract for one partnership school was not renewed for the 1996-97 school year.

MPS also has a long-term plan to assess the quality of educational services at each partnership school. These MPS quality measurement efforts are based on a June 1995 report prepared by the Academy for Educational Development. This document assessed the effectiveness of educational services at 17 partnership schools and 6 MPS alternative Children At Risk programs during school year 1993-94 and the first semester of school year 1994-95. MPS has continued to use the report's methodology to reassess three to four partnership schools annually, based on such factors as the school's academic vision, degree of student engagement, and success in creating a sense of school membership and community. For this assessment, however, MPS does not consider the performance of individual students enrolled in at-risk programs.

Individual Student Performance

We used two methods to determine the performance of individual students. For our first review, we measured the performance of each of

the partnership schools and all other at-risk program options available to MPS students, based on Children At Risk performance criteria for two school years, 1994-95 and 1995-96, the only two years for which MPS maintained detailed documentation about the performance of at-risk students enrolled in an at-risk program. It should be noted, however, that we had several concerns about the data made available to us, including questions about its accuracy.

At-risk students in partnership schools outperformed those enrolled in other MPS programs.

As shown in Table 12, over the last two school years, based on the Children At Risk performance criteria established in statute:

- overall achievement of all at-risk students remained the same for the two school years;
- students in the partnership schools outperformed students in MPS-administered at-risk programs in both school years, 63.1 percent to 45.2 percent;
- a low percentage of students in the adjudicated programs met performance criteria; and
- a lower percentage of at-risk students in MPS alternative programs met three or more performance criteria than those in any other group of schools.

It should be noted, however, that the overall percentage of at-risk students meeting the State's performance criteria who were enrolled in MPS alternative program increased 14.3 percent from school year 1994-95 to school year 1995-96. In comparison, the percentage of at-risk students meeting performance criteria who were enrolled in partnership schools remained relatively constant.

Table 12

Performance of MPS Children At Risk

<u>School</u>	1994-95 Percentage Meeting Three <u>Criteria</u>	1995-96 Percentage Meeting Three <u>Criteria</u>	<u>Change</u>
Regular MPS Schools	47.0%	45.7%	(1.3)%
Alternative Programs			
1) MPS Alternative Schools			
Amelia Baker Academy	10.0%	N.A.	N.A.
Kilmer South High School	23.3	47.4%	24.1%
Lady Pitts School Age Parent	20.4	35.2	14.8
Lapham Park	26.4	31.7	5.3
Lavarnway Middle School	22.2	31.6	9.4
Moltke Academy at 68th Street	18.9	15.7	(3.2)
Phoenix High School	31.7	45.3	13.6
Project STAY/Senior Institute	67.0	57.7	(9.3)
Subtotal	25.6%	39.9%	14.3%
2) Partnership Schools			
ASSATA Alternative High School	48.3%	42.7%	(5.6)%
Aurora Weier Educational Center	58.5	50.7	(7.8)
Cornerstone Achievement Academy	72.5	64.8	(7.7)
CYD School of Excellence	56.9	48.6	(8.3)
Exito High School	28.3	N.A.	N.A.
Fritsche (LEAP)	55.0	86.8	31.8
Grandview High School	70.0	61.3	(8.7)
HR Academy	N.A.	73.3	N.A.
Learning Enterprise High School	75.0	67.7	(7.3)
Loyola Academy	77.1	60.9	(16.2)
Milwaukee Spectrum, Inc.	55.0	38.6	(16.4)
NOVA	80.0	82.1	2.1
St. Francis Children's Center	N.A.	92.3	N.A.
Shalom High School	73.7	72.9	(0.8)
Silver Spring Neighborhood Academy	33.8	55.7	21.9
Spotted Eagle High School	96.0	85.5	(10.5)
Synergy High School	53.3	52.6	(0.7)
United Community Center Middle School	90.0	77.5	(12.5)
Walker's SWELL	N.A.	58.5	N.A.
Subtotal	64.1%	63.1%	(1.0)

<u>School</u>	1994-95 Percentage Meeting Three <u>Criteria</u>	1995-96 Percentage Meeting Three <u>Criteria</u>	<u>Change</u>
3) MATC Project Hold	52.0%	17.0%	(35.0)%
4) Adjudicated Schools			
CYD Intensive Day Treatment	11.1%	28.0%	16.9%
Lad Lake Ultra	63.3	33.3	(30.0)
Project Excel	82.2	53.6	(28.6)
Southeastern Day Treatment	31.1	40.4	9.3
St. Charles Day Treatment	44.4	28.6	(15.8)
United Community Center Day Treatment	15.6	45.2	29.6
Subtotal	40.0%	39.3%	(0.7)%
Total Alternative Programs	42.6%	50.4%	7.8%
GRAND TOTAL	46.1%	46.6%	0.5%

Another way to measure the performance of students and, therefore, the success of their school programs is to review individual student records and determine whether individual students obtain their high school diplomas. We selected 100 at-risk students who were enrolled in the 10th grade during the 1993-94 school year and who also achieved at least three of five Children At Risk performance criteria: 50 of the students were enrolled in regular MPS programs, and 50 attended partnership schools. If they made regular progress through the school system, these students should have graduated by the end of the 1995-96 school year. We compared the educational progress of these students by reviewing their individual records for the 1994-95 and 1995-96 school years using information maintained in the MPS data system. Because some students transferred between MPS and partnership schools at some point during the three school years, our final analysis assessed the performance of 49 MPS students and 51 partnership school pupils.

Like the review of the percentage of students meeting performance criteria, this review also indicated that students in the partnership schools appeared to outperform their MPS school peers. Over the two-year period:

- 43.1 percent of the 51 partnership school students graduated, while 24.5 percent of the 49 MPS school students graduated;

- 17.6 percent of the partnership school students stayed in school but did not graduate, compared to 14.3 percent of the MPS school students; and
- the remaining 39.2 percent of partnership school students and 61.2 percent of MPS students stopped attending Milwaukee-area schools during the two years in question. From the available records, it is impossible to determine whether these students dropped out of school or continued to attend in another district.

MPS and partnership school staff attributed the better performance of students in partnership schools to such things as:

- smaller classes;
- classes being held in a non-traditional setting and not in a school building;
- the ability of partnership schools to form relationships with local agencies, such as businesses, and encourage these agencies to work with the schools' students;
- the cultural aspects of some schools, such as an African-American or Native-American focus;
- the ability of partnership schools to choose teaching staff and flexibility to dismiss poorly performing staff;
- the dedication of teaching staff; and
- competitiveness and motivation of school directors to help their students do well in order to maintain a contract with MPS.

MPS has not compared its own at-risk program performance to that of the partnership schools.

MPS has not, however, systematically reviewed the performance of the partnership schools in comparison to its own alternative school programs. If MPS were to continue to perform the analyses we prepared for this evaluation—a review of the performance of each at-risk program and an analysis of whether individual students obtain their high school diplomas—staff would have additional relevant information to use when renewing current contracts. In addition, this type of analysis would provide MPS with information on its own programs, so that poorly performing programs could be identified and corrections made. Finally, such an analysis could assist MPS in determining which programs to

expand in order to help it comply fully with s. 118.153(5), Wis. Stats., which provides that the MPS Board shall use Children At Risk program funds to expand successful programs or establish new ones if expansion would result in too large a school.

Contract Management

Several concerns remain about the relationship between MPS and its partnership schools.

As a result of a 1995 internal audit, MPS has made several improvements to its management of contracts with partnership schools. For example, all partnership schools are now required by contract to meet annual federal single audit requirements and to conduct staff background checks. However, concerns still remain in several areas, including the practice of paying partnership schools for seats that are not filled, and whether MPS contract managers are making reasonable efforts to assure that student attendance and grading data reported by partnership schools are accurate. In addition, we found that MPS had inappropriately used its contracting authority under the Children At Risk program to provide services to students not identified as meeting the at-risk criteria included in state statutes.

Continuing Issues

In their May 1995 report on the Division of Alternative Program's management of partnership school contracts, MPS internal auditors noted that schools are paid for the total number of seats provided to at-risk students, not for the actual number of students served. Consequently, given the poor attendance records of students enrolled in some partnership schools, MPS was sometimes paying a very high per-student cost and not efficiently allocating scarce educational resources. While all schools received funding of \$5,042 per contracted secondary school seat during the 1993-94 school year, because of low average student attendance rates, 8 of 16 audited schools received over \$10,000 per FTE student served. The MPS internal auditor recommended that information on comparative FTE pupil costs at various partnership schools be reported to the Board when it considers contract extensions. The audit also recommended that existing procedures for paying schools based on the number of contracted seats be revised to address any significant differences between the number of contracted seats and the actual FTE student count.

Partnership schools are not paid on an FTE basis, as required by statute.

In response to these recommendations, the MPS superintendent argued that changes have been made to require partnership schools “to be at or near capacity by the third Friday of September.” However, the revised format MPS developed for reporting recommendations to renew partnership school contracts for the 1996-97 school year does not contain any information on comparative FTE student funding costs, and schools continue to be reimbursed on the basis of contracted seats with no adjustments made to reflect the actual number of students served. This practice may contradict state law. Section 118.153(3)(c)3, Wis. Stats., indicates that schools providing at-risk programs shall be paid “for each full-time equivalent pupil served” an amount equal to at least 80 percent of the average per pupil cost for the school district.

MPS internal auditors also questioned the procedures MPS contract managers used to verify the accuracy of student performance data partnership schools report to the district. This information is vital because together with attendance data, it serves as the basis for MPS staff recommendations on whether individual school contracts should be renewed. At the time of the audit, MPS staff sought to verify reported attendance data by conducting annual two-hour field visits in which they and partnership school officials would jointly complete a checklist of contract compliance procedures and observe classes. MPS internal auditors questioned the usefulness of these field visits because the MPS field staff allowed partnership school managers to select representative student records to review for contract compliance. The audit suggested that MPS on-site field visits verify the accuracy of reported student performance data by reviewing detailed student performance information from an appropriate percentage of randomly-selected students at each school.

In responding to the MPS internal audit, the MPS superintendent initially planned to form a committee to devise better methods to verify reported student performance data. However, MPS subsequently decided not to do so and has dropped all efforts to verify the accuracy of performance data during field visits. Current Division of Alternative Programs procedures require longer field visits at three to four partnership schools on an annual basis. During these visits, teams of MPS personnel assess the broad quality of educational services at partnership schools using procedures established by the 1995 Academy of Educational Development evaluation of Milwaukee alternative schools. The division administrator notes that the accuracy of reported student performance data is not tested at regular MPS schools and expresses confidence that partnership schools accurately report attendance and academic information to MPS.

Inappropriate Use of Contracting Authority

During our review of MPS contracts with partnership schools for school years 1993-94 through 1996-97, we identified one contract, entered into by MPS and approved by the MPS Board, that referred to Children At Risk contracting authority but did not serve children who were identified as having met the State's definition of at-risk. The contract was with a private school, to serve 60 elementary school age students during the school years 1993-94, 1994-95, and 1995-96.

MPS inappropriately used Children At Risk contracting authority to purchase some educational services.

As noted, MPS has always had the authority, currently delineated under s. 118.153(3)(c), Wis. Stats., to identify appropriate private, nonsectarian agencies located inside its boundaries or within five miles of its boundaries to provide programming for at-risk children enrolled in the school district. However, although division staff believe some of the students served by the contracted school may have met the State's definition of at-risk, none of the students were officially identified as at-risk by the district. MPS, therefore, inappropriately used the Children At Risk contracting authority to enter into a contract with this private school to serve a group of students.

MPS alternative program staff indicated that classroom seats were needed to serve bilingual students. Therefore, MPS made a decision to use the available Children At Risk contracting authority to provide services to these bilingual children who were not identified as meeting the at-risk criteria. The district could have utilized two other sources of contracting authority that would have required more review by the MPS board:

- authority existed to contract with a charter school under s. 118.40, Wis. Stats., but would have required notice to the state superintendent, a public hearing, and approval by the school board, or action by the school board on its own initiative; and
- additional authority existed under s. 118.15(1)(d)3, Wis. Stats., which allows a child, parent, or guardian to request that a school board provide the child with program or curriculum modification through enrollment in an alternative public school or program located in the school district.

In addition, in the 1995-96 school year, MPS could have used authority provided to it under 1995 Wis. Act 27, the 1995-97 biennial budget, which expanded its contracting authority to include any nonsectarian private school. A contract currently exists under this authority with a school that provides programming to bilingual students.

During the three-year period in which the contracting authority provided to MPS was used inappropriately, an estimated \$633,033 was paid to a private school to serve bilingual elementary school students who were not identified as meeting the State's definition of at-risk. To the extent these funds were provided to MPS by the State, they should be repaid to the State by MPS. However, because MPS does not differentiate between funding sources in making such payments, it is not possible to determine whether state funds were used. It is clear nevertheless that MPS violated state statutes when it used its contracting authority under the Children At Risk program to provide services to these pupils.



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John T. Benson
 State Superintendent

Steven B. Dold
 Deputy State Superintendent

July 14, 1997

Dale Cattanach, State Auditor
 Legislative Audit Bureau
 131 West Wilson Street
 Madison, WI 53703

Re: Children-at-Risk Program Audit

Dear Mr. Cattanach:

Thank you for the opportunity to review and discuss the audit report on the children-at-risk program administered by this department. I appreciate the diligence and patience of your audit staff as they worked with department staff to review the current status of the program.

My statement at the conclusion of the last audit, January 19, 1995, remains appropriate: "This latest audit of the children-at-risk program confirms once again the need for program changes and improvements the department has continually advocated." The department shares the concern expressed in this current audit and the 1995 audit which states that the program is not a statewide program but in fact provides limited funding to a small number of school districts. As your staff indicated, Milwaukee, Racine, and Kenosha receive the majority of the \$3.5 million allocation. At the same time, schools statewide are also serving students at risk of not graduating. In addition, the average-per-pupil allocation of \$167 is small compared to the cost to serve at-risk students. We further agree that the available performance information provides little insight into the program's effectiveness. While it is positive that the dropout rate in Milwaukee Public Schools has declined, many other factors may have contributed to that improvement.

Throughout the current report the LAB points out that dropout or graduation rate changes cannot be attributed to the effects of children-at-risk programs. We have agreed with that assessment throughout the prior two biennia. It is the reason our agency has continued to make proposals to eliminate the existing at-risk statutory language and to shift the \$3.5 million to alternative at-risk programs and services.

The audit raised concerns about the system by which dropout and graduation rates are calculated for Wisconsin. The system, while imperfect, was created with input from school districts when the school performance report was first created. As we have previously stated, the most accurate reporting would require a pupil records system which would individually track the movements of each student. The cost and potential controversy of such a pupil-records-system initiative are obvious.

The department supports your program options one and two, i.e., the concept of a competitive grant program and maintaining base-level funding for the three districts--Milwaukee, Racine, and Kenosha--which are routinely required to apply for funds under the program. These ideas are similar to the budget proposal made by this department for the 1997-99 biennial budget, which you referenced in your report. I will continue to seek legislative sponsorship of the learning center concept in order to provide greater learning alternatives for a more diverse group of at-risk students. We do not support option three, the elimination of the funding. It is clearly needed by districts that serve large numbers of at-risk youth. We believe districts need to have more flexibility in the use of the funds.

The department accepts the three final recommendations in the LAB report, regarding communicating with districts about their eligibility for funding; confirming accuracy of district data; and increasing our technical assistance to districts receiving at-risk funding, if agency resources are available. We have begun to take steps to address these issues of concern. The department will attempt to help districts interpret the statutory achievement criteria more uniformly. However, since the performance criteria were enacted in 1985, the department has expressed concerns as to the feasibility of measuring "one month's gain for one month of school." The inconsistencies of school districts' interpretations of this achievement criterion are more a factor of the faulty psychometric assumptions underlying the requirement. The inability of school districts to determine whether the criterion is met cannot be "fixed" by guidance from the department. The statute itself must be amended to replace the criterion with one that is measurable.

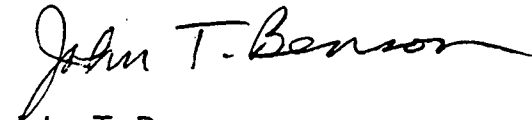
For your information, department staff will proceed to review the LAB's findings of Milwaukee Public Schools' questioned use of an estimated \$633,033 of its at-risk funds.

In conclusion, I believe the department has worked hard to assist virtually all Wisconsin school districts to provide a wide array of learning alternatives for an equally wide array of at-risk populations. I believe these efforts have been instrumental in helping Wisconsin students to stay in school and to score well on standardized assessments of achievement. Of course we will continue to do

whatever we can to assist school districts to provide educational alternatives to all students that require them.

We appreciate the responsiveness of your staff in finalizing this report. Thank you for the information shared in your report and the opportunity to work with your staff.

Sincerely,

A handwritten signature in black ink that reads "John T. Benson". The signature is fluid and cursive, with the first name "John" being the most prominent.

John T. Benson
State Superintendent

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