



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE INSPECTOR GENERAL

MAY 24 2004

Memorandum

TO: Susan Sclafani
Assistant Secretary for Vocational and Adult Education

FROM: Helen Lew *Helen Lew*
Assistant Inspector General for Audit Services

SUBJECT: Final Audit Report
Audit of Perkins III Performance Data at OVAE
Control Number ED-OIG/A03-D0013

Attached is the subject final audit report that covers the results of our review of the management controls at OVAE to ensure that performance data collected and reported to Congress for Perkins III, during the period July 1, 2000, through June 30, 2001, were complete, accurate, and reliable. An electronic copy has been provided to your Audit Liaison Officer. We received your comments generally concurring with the findings and recommendations in our draft report.

Corrective actions proposed (resolution phase) and implemented (closure phase) by your office will be monitored and tracked through the Department's Audit Accountability and Resolution Tracking System (AARTS). ED policy requires that you develop a final corrective action plan (CAP) for our review in the automated system within 30 days of the issuance of this report. The CAP should set forth the specific action items, and targeted completion dates, necessary to implement final corrective actions on the findings and recommendations contained in this final audit report.

In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after six months from the date of issuance.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us during this review. If you have any questions, please call Bernard Tadley, Regional Inspector General for Audit at 215-656-6279.

Enclosure

Audit of Perkins III Performance Data at OVAE



FINAL AUDIT REPORT Control Number ED-OIG/A03-D0013 MAY 2004

Our mission is to promote the efficiency,
effectiveness, and integrity of the
Department's programs and operations.



U.S. Department of Education
Office of Inspector General
Philadelphia, Pennsylvania

NOTICE

Statements that management practices need improvement, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

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Executive Summary

The purpose of this audit was to assess management controls at the U.S. Department of Education (ED), Office of Vocational and Adult Education (OVAE) to ensure that performance data collected and reported to Congress for the Carl D. Perkins Vocational and Technical Education Act of 1998, (Perkins III) Public Law 105-332, for the 2000-2001 program year (PY) (July 1, 2000, through June 30, 2001) were complete, accurate, and reliable.

While OVAE had a process to collect and review the Perkins III performance data, it needs to strengthen controls over its review and reporting processes to ensure that the data are complete, accurate, and reliable. Specifically, our audit disclosed that:

- States were not submitting complete Perkins III performance data to ED. A review of performance data in the Perkins III Performance Report to Congress for the 2000-2001 PY disclosed that 57 percent (30 of 53 states and U.S. territories) of states did not provide complete data to ED.
- OVAE needs to work with states to assure that performance measures are valid. We found that 34 percent (18 of 53 states and U.S. territories) of states use the same performance measures for several sub-indicators.
- OVAE's monitoring process did not include Workforce Investment Act (WIA) incentive award recipients for monitoring visits.¹ During our audit work at three state agencies (Florida, Kentucky, and Indiana), we found that each of the three states audited received an incentive award for the 2000-2001 PY and had problems with the quality of the data reported.
- Not all states complied with ED's Consolidated Annual Report (CAR) reporting instructions. We found that some state's Improvement Strategies were not specific to the sub-indicators for which the state did not meet its adjusted level.

We recommend that OVAE develop additional procedures and controls to ensure that data submitted from the states meet the criteria of each sub-indicator, in addition to ensuring that the Perkins III data reported are complete, accurate, and reliable.

We provided a copy of our draft report to OVAE. In its response to the draft report, a copy of which is included as an attachment, OVAE indicated general concurrence with the findings and recommendations contained in the report. For each recommendation, OVAE provided details of actions taken to implement the recommendations. We appreciate OVAE's efforts to implement the recommendations.

¹ The Department of Labor, in collaboration with the Department of Education, nominates states that are eligible to apply for WIA incentive awards under WIA regulations. These funds are available to support innovative workforce development and education activities.

Audit Results

The purpose of this audit was to assess management controls at OVAE to ensure that performance data collected and reported to Congress for Perkins III for the 2000-2001 program year (July 1, 2000, through June 30, 2001) were complete, accurate, and reliable. For the purpose of this audit, we assessed and classified the significant management controls into the following categories:

- Date collection and analysis;
- Monitoring of states; compliance with Perkins III requirements; and
- Reporting.

We found that OVAE's management controls were not sufficient to provide reasonable assurance that the Perkins III performance data received and reported were complete, accurate, and reliable. Specifically, our audit disclosed that (1) performance data were not complete for many states, (2) OVAE needs to work with states to assure that performance measures are valid, (3) monitoring visits were not performed at states that received WIA incentive awards, and (4) not all states complied with ED's CAR reporting instructions.

Finding No. 1 – States Were Not Submitting Complete Perkins III Performance Data To ED

A review of the performance data in the Perkins III Performance Report to Congress for the 2000-2001 PY disclosed that 57 percent (30 of 53 states and U.S. territories) of states did not provide complete data. Specifically, we found that:

- One U.S. territory did not report any data for Perkins III;
- Three states did not report complete data on the progress achieved on their adjusted levels of performance;² and
- Thirty states³ did not report complete data on the level of performance for gender, ethnicity, and special populations of students participating in the vocational and technical educational programs.

As required under Perkins III, sec. 113 (c):

- (1) In General. - Each eligible agency that receives an allotment under section 111 shall annually prepare and submit to the Secretary a report regarding –
 - (A) the progress of the state in achieving the state adjusted level of performance on the core indicators of performance; and
 - (B) information on the levels of performance achieved by the state with respect to the additional indicators of performance, including the level of performance for special populations.

² The *adjusted level of performance* is the negotiated final performance level that a state is held accountable for meeting or exceeding.

³ The 30 states include the U.S. territory and the three states that did not report complete data.

- (2) Special Populations. - The report submitted by the eligible agency in accordance with paragraph (1) shall include a quantifiable description of the progress special populations participating in vocational and technical educational program have made in meeting the state adjusted levels of performance established by the eligible agency.

Under Perkins III, Part B, § 122(c)(20), states are required to include in their state plan information that “describes how the eligible agency will ensure that the data reported to the eligible agency from local educational agencies and eligible institutions under this title and the data the eligible agency reports to the Secretary are complete, accurate, and reliable.”

To give states more time to gather the Ethnicity and Special Population data, OVAE waived the requirement for the first year of reporting the performance data; however, it was required and should have been reported for the 2000-2001 PY (the second year). Although OVAE had provided workshops and technical assistance to states during that period, it appears that some states required additional assistance to ensure compliance with the requirement. We found that OVAE generally contacted the states by email and telephone to request the missing data, but did not perform follow-up actions to obtain the missing data. Since OVAE was aware that states were having problems with the collection and reporting of the data, additional technical assistance and follow-up, in addition to e-mail and telephone contact was needed. OVAE may have assisted states in determining what needed to be done to collect and report complete Perkins III data if it had made on-site monitoring visits.

In addition, to providing on-site monitoring, OVAE can use the results of the audit work performed by the states’ independent public accountants (IPAs) to determine which states did not submit complete performance data. The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement (Compliance Supplement) requires IPAs to review the Perkins III performance data.

Since OVAE did not receive the data, ED was unable to report complete Perkins III performance data to Congress.

Recommendation: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 1.1 In the future perform additional one on one assistance activities to those states that are having problems reporting complete data in meeting the requirements of the law.
- 1.2 Review the Compliance Supplement to determine if changes are needed to ensure that the state’s Perkins III performance data are reviewed for completeness.

OVAE Response:

OVAE concurred with the finding and recommendations. In its response, OVAE stated it implemented enhancement efforts for technical assistance, put in place additional procedures to address the problems identified, and revised the reporting instrument to require states to provide additional information to support the states’ attestation that the data are reliable,

accurate, and complete. In addition, OVAE will review the OMB Compliance Supplement to determine if changes are needed.

OVAE also provided information to show improvements in the states reporting of complete data. Although OVAE concurred with the finding, the response indicated that the auditors marked the states incomplete if they did not have students in any of these groups without considering the states' written explanations.

OIG Response:

To make our determinations we relied on the report to Congress, prepared by OVAE, which did not provide state explanations. The missing data was either identified as NP (meaning not provided, this data was not collected by the state from the districts or entity) or with an asterisk (meaning there were no concentrators, completers or participants reported in this category). However, since the related sub-indicator had a performance result reported for the sub-indicator then the states should have been able to report gender, ethnicity, or special populations data.

Finding No. 2 – OVAE Needs to Work with States to Assure That Performance Measures Are Valid

OVAE needs to work with states to assure that the performance measures used by states are valid representations of what the sub-indicators are supposed to measure. We found that 34 percent (18 of 53 states and territories) of states were using the same performance measure in the report to Congress for several different sub-indicators. Perkins III requires states to establish rigorous levels and standards for performance indicators, while at the same time giving states the flexibility to define their own performance measures. States were instructed to use the OVAE Core Indicator Framework to develop performance measures for each sub-indicator. This framework defines the goals for each sub-indicator measurement approach. These measurement approaches overlap and can result in states using the same approach for more than one sub-indicator. For example, one state used the same performance measure (percentage of concentrators completing vocational programs)⁴ for three secondary sub-indicators that measured academic attainment, skills attainment, and secondary completion. In contrast, another state used separate performance measures to measure the same sub-indicators. This state defined academic attainment by using the state's academic assessment instrument, skills attainment by using national/state vocational standards and secondary completion by using high school graduation. Using separate performance measures more adequately represents what the sub-indicators were intending to measure and will provide more valid data.

The Core Indicator Framework defines the validity of the data as the degree to which the performance measurement approach directly and fully measures the students' outcome at an appropriate time interval. OVAE must ensure that states are aware that, in order to develop

⁴ *Vocational concentrators* are students who enrolled or have completed a threshold level of vocational education (in a program/sequence) courses or instructional units that prepares the individual for employment and/or advanced education as determined by a State.

meaningful and valid performance measures, the definitions need to adequately represent what the indicator is intending to measure.

Discussions with OVAE officials disclosed that OVAE does not believe it has the statutory authority to regulate how states chose to measure performance. While we realize that Perkins III gives states the flexibility to develop their own measure and it is silent with regard to the authority OVAE has when it comes to working with states to develop performance measures, the law does give OVAE the authority to review and approve the state plan, which contains the performance measures.

Under Perkins III, section 122. (e) (1) The secretary shall approve a state plan, or a revision to an approved State plan, unless the secretary determines that –

- (A) the state’s plan, or revision, respectively, does not meet the requirement of this section; or
- (B) the state’s levels of performance on the core indicators of performance consistent with section 113 are not sufficiently rigorous to meet the purpose of this Act.

Approval of the plan infers that OVAE has some consultation into the state’s development of the performance measure. Therefore, OVAE could provide guidance to the states to assure that the performance measures are valid measures of each sub-indicator. We recognize that Perkins III will be under reauthorization in the near future, and changes to the current state plans may not be possible. However, in the future, OVAE should request that states make a full disclosure in the CAR in instances where the measure does not fully represent the sub-indicator it is intended to measure.

Recommendations: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 2.1 Consider requesting clarification of the law in the current reauthorization to specify that OVAE has authority for reviewing and approving states performance definitions.
- 2.2 In approving future measures, in those cases where the performance measure do not fully represent the sub-indicator, provide guidance to the states for developing other measures.
- 2.3 In those cases where the definition does not fully represent the performance measure, request that states make a full disclosure in the CAR stating that the data is the best the state has available to measure the sub-indicator.

OVAE Comments:

OVAE generally concurred with the finding and recommendations. OVAE’s response stated that because of the Perkins III law, OVAE has no role in the states’ establishment of its performance indicators. OVAE also stated that the annual performance reporting instrument has been modified to require states to make a full disclosure and that the President’s reauthorization proposal will address these issues by streamlining the program’s performance measures and adopting certain OMB common measures.

OIG Response:

We believe, as stated in the finding, that OVAE does have some role and could provide guidance to states during the plan approval process.

Finding No. 3 – OVAE’s Monitoring Process Did Not Include WIA Incentive Award Recipients for Monitoring Visits

A review of OVAE’s monitoring process disclosed that OVAE had a process in place for identifying high-risk⁵ states and selecting those states for a monitoring site visit. However, only the high-risk states are being scheduled for the full monitoring visit. States that exceeded their performance levels and were eligible for the WIA incentive awards were not visited. During our audits of the Perkins III performance data of three states that received the WIA incentive awards for the 2000-2001 PY, we found serious problems with the quality of the performance data that were used to obtain the incentive awards. Two of the states we audited were also selected for an incentive award for the 2001-2002 PY.⁶ OVAE officials told us that they relied on states attesting to the accuracy of the reported data. However, as we found during our audits of states’ data, the states had not ensured that the data were complete, accurate, and reliable.

The OVAE monitoring process was designed to ensure that states that were at risk were scheduled for full monitoring visits. States that exceeded their performance levels and qualified for a WIA incentive award would not be selected for monitoring. Based on our audits, these states should not be excluded from full monitoring visits because they qualify for an incentive award, as these states may be reporting data that are not complete, accurate, and reliable. While these states were included in the high-risk evaluation process, the fact that they were considered exceptional lowered their chances of being selected for full monitoring visits. To ensure the quality of the data for states that receive incentive awards, OVAE needs to modify its monitoring selection process to ensure that these states are given the same risk factors as the other states.

Recommendation: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 3.1 Revise its monitoring procedures to include states that qualify for the WIA incentive awards for possible selection.

OVAE Response:

OVAE concurred with the finding and recommendation. OVAE provided a schedule of completed and proposed monitoring visits to states that received WIA incentive awards.

⁵ A *high-risk* state is one that received a high score based on OVAE’s weighted risk analysis criteria. The weighted risk analysis criteria was based on accountability, last time monitored, state allocations and audit results.

⁶ We notified OVAE of our concerns over the states’ eligibility for these incentive awards.

Finding No. 4 – Not All States Complied With ED’s CAR Reporting Instructions

Some state Improvement Strategies do not address the specific sub-indicators for which the state did not meet its adjusted performance level. Currently states include an Improvement Strategy in the CAR to ED. The Improvement Strategy should detail what strategies the state is going to take to meet the adjusted levels of performance⁷ it failed.

Our review of the CAR for three states we had previously audited disclosed that two of the three Improvement Strategies did not specifically address what the state was going to do to meet the adjusted level of performance it failed.⁸ While these states provided an Improvement Strategy at the program level, the adjusted level of performance that failed was at the sub-indicator level. Therefore, the Improvement Strategies should also be reported at the sub-indicator level.

OVAE instructed states to provide Improvement Strategies at the sub-indicator level in the CAR guidance entitled, *Accountability, and Financial Status Report for the State Basic Grant and Tech-Prep Grant Programs under Perkins III, OMB NO: 1830-0503*. Under Section B. II. (e), the guidance requires states to provide a brief narrative for each sub-indicator on the proposed improvement strategies for the next program year. The narrative should be based on the State Performance Summary (IIa) and the Effectiveness of Improvement Strategies (IIc) in the previous years.

Since some states’ Improvement Strategies did not address the sub-indicators for which the state failed to meet its adjusted performance levels, OVAE was unable to determine if the states had developed adequate strategies for sub-indicators in need of improvement. OVAE needs to follow-up on its original guidance to the states to provide Improvement Strategies specific to the sub-indicators for which the state failed to meet its adjusted performance levels.

Recommendations: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 4.1 Provide additional guidance and instruction to states to provide Improvement Strategies that address each sub-indicator for which the state did not meet its adjusted performance levels.
- 4.2 Follow-up with states that do not comply with the reporting instructions.

OVAE response:

OVAE concurred with the finding and recommendations. OVAE stated that it revised the annual performance reporting instrument to require states to describe how they will improve

⁷ The adjusted level of performance is the negotiated final performance level. This becomes the adjusted performance level for the subsequent years.

⁸ States do not have to exceed their adjusted performance level for all sub-indicators to be eligible for a WIA award. States must exceed the adjusted level of performance for their aggregated (bundled) sub-indicators.

their performance on any sub-indicators for which they failed to meet their performance targets.

Other Matters

In addition to the findings discussed in the Audit Results section of this report, we noted the following minor deficiency.

Report to Congress was not Timely

OVAE was not timely in submitting the Perkins III performance data report to Congress for the 2000-2001 PY. Perkins III legislation does not include a date by which the report must be submitted; however, it does state that it should be issued to Congress annually. From the time this data was collected from the states in December 2001, OVAE took 18 months to issue the report to Congress.

While OVAE has concurred that its report was not timely and stated that future reports will be more timely, we suggest that OVAE consider requesting clarification of the due date for the Perkins III report to be issued to Congress in the upcoming reauthorization. Until the Congress provides clarification, OVAE should establish a date by which to issue the report to Congress.

Background

The Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III), Public Law 105-332, was signed into law on October 31, 1998, and is administered by OVAE. The purpose of Perkins III is to develop more fully the academic, vocational, and technical skills of secondary and postsecondary students who elect to enroll in vocational and technical education programs. All states receive Perkins III funds for secondary and postsecondary education. The funds are allotted to the states based on a formula which takes into account the state's population in certain age groups and the groups' per capita income. Only State Boards for Vocational Education are eligible to apply to ED for State Basic Grants. The distribution of grant funds within a state is directed to priority items established by the state in accordance with an approved state plan for vocational-technical education. Local educational agencies and postsecondary institutions are eligible for the grants. Local agencies can be school districts, technical institutions, and community colleges.

The central goals of Perkins III are improving student achievement and preparing students for postsecondary education, further learning, and careers in current or emerging occupations requiring other than a baccalaureate or advanced degree. Perkins III gives states, school districts, and postsecondary institutions greater flexibility to design services and activities that meet the needs of their students and communities. In return for greater flexibility, states must establish more progressive performance standards and goals, and are held to a higher degree of accountability than the previous Perkins Act of 1990.

Perkins III establishes a rigorous state performance accountability system to assess the effectiveness of the state in achieving progress in vocational and technical education and to optimize the return of investment on Federal funds in vocational and technical education activities. Perkins III requires states to identify specific measures and adjusted levels of performance in its state plan, and to track its achievements in four specific outcome areas:

- *academic and technical skill attainment;*
- *completion;*
- *placement and retention; and*
- *non-traditional participation and completion.*

There are specific sub-indicators under each outcome area. Performance data must be provided for vocational concentrators and broken down by special population categories. States may also add additional performance indicators to its plan. Perkins III requires states to reach agreement with the Secretary on adjusted levels of performance. States that exceed agreed upon performance levels for Perkins III, the Adult Education and Family Literacy Act, and Title I of the WIA are eligible for incentive grant awards. The actual level of a state's Perkins III performance is defined as a percentage, based on the number of students in the numerator and denominator for each sub-indicator. The state reports the numerator, denominator, and level of performance in the Perkins III CAR.

Perkins III took effect in PY 1999-2000, which began on July 1, 1999. By April 12, 1999, states needed to submit a revised state Plan for Perkins III, taking into account the adjusted performance level and measurement of core indicators of performance for Perkins III. Our audit covered data from PY 2000-2001, the second year governed under the new law. Congress appropriated more than \$1 billion for Perkins III in PY 2000-2001. States needed to submit their Perkins III performance reports to ED for PY 2000-2001 by December 31, 2001.

OVAE administration of the program included the collection, review, monitoring, and reporting of the annual performance data reported by states and U.S. territories. The data were transmitted either through ED's website or email, and were reviewed by OVAE for completeness and aggregated through several processes to determine if the data were reasonable. OVAE consolidated the states' data into a report to be issued to Congress. This report presented a state-by-state review of the results for secondary and postsecondary programs using Perkins III funds and the states' status in meeting their adjusted performance levels.

Objective, Scope, and Methodology

The purpose of this audit was to assess management controls in place at OVAE to ensure that Perkins III performance data submitted to OVAE by the states were complete, accurate, and reliable. The review focused on OVAE processes related to collecting and reviewing the data, assessing state performance, and reporting annually to Congress on the status of states achieving Perkins III performance goals. Our audit covered the performance data for Perkins III funds awarded during PY 2000-2001.

To accomplish our audit objective, we interviewed OVAE officials responsible for collecting and reporting Perkins III performance data. We evaluated OVAE's procedures to determine whether its management controls ensure that Perkins III performance data were complete, accurate, and reliable by reviewing laws, regulations, program guidance and the 2001 Perkins III report to Congress. We also tested the accuracy, timeliness, and completeness of the data submitted by all states. We used the results of our audits in three states – Florida, Indiana, and Kentucky.⁹

During the audit, we relied on computer-processed Perkins III-related performance data. To assess the reliability and accuracy of the data, we traced the data from the CAR, through OVAE's data review processes, and finally to the draft report to Congress. Accuracy tests were limited as the data were verified twice, once during OVAE's review of the CAR and again during the attestation process. We tested the data for completeness by verifying that all 53 states and territories submitted data for the required sub-indicators. State submitted data were also reviewed for reasonableness. Timeliness was reviewed by checking data submission dates. Based on these tests, we concluded that the data were sufficiently reliable to be used in meeting the audit objective.

We performed our fieldwork at OVAE from March 18, 2003, to June 30, 2003. We held an exit conference on July 22, 2003. We conducted the audit in accordance with generally accepted government auditing standards appropriate to the scope of the review described above.

⁹ The audits are: Audit of Florida's Management Controls Over Perkins III Performance Data (ED - OIG/A03-C0019); Audit of Indiana's Management Control Over Perkins III Performance Data (ED-OIG/A05-D0012); and Kentucky Department of Technical Education's Management Controls Over Perkins III Performance Data Needs Strengthening (ED -OIG/A04-D0007).

Attachment



UNITED STATES DEPARTMENT OF EDUCATION

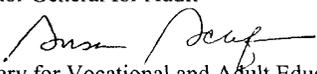
OFFICE OF VOCATIONAL AND ADULT EDUCATION

THE ASSISTANT SECRETARY

MEMORANDUM

APR 21 2004

To: Bernard Tadley
Regional Inspector General for Audit

From: Susan Sclafani 
Assistant Secretary for Vocational and Adult Education

Subject: Response to Draft Audit Report: "Audit of Perkins III Performance Data at OVAE, Control Number ED-OIG A03-D0013"

Thank you for providing the Office of Vocational and Adult Education (OVAE) with the opportunity to comment on the draft "Audit of Perkins III Performance Data at OVAE, Control Number ED-OIG A03-D0013." Overall, we believe this draft report provides a fair and accurate assessment of the challenges of implementing the Carl D. Perkins Vocational and Technical Education (Perkins III) accountability system during the first two years after the law's enactment. This draft report also offers useful recommendations. Many of these recommendations may be implemented administratively; others will require legislative action.

Per your request, our written response to your draft is organized into three categories:

- If we concur with a specific finding and recommendation, we describe the corrective actions that we have taken or plan to take.
- If we do not concur with a finding, we give reasons for our disagreement and provide data to support our position.
- If we do not concur with a recommendation, we explain our disagreement and describe alternative corrective action that we have taken or plan to take.

**OVAE Response to Draft Audit Report:
“Audit of Perkins III Performance Data at OVAE, Control Number ED-OIG A03-D0013”**

Finding No. 1 – States Were Not Submitting Complete Perkins III Performance Data to ED

Recommendations: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 1.1 In the future, perform additional one-on-one assistance activities to those states that are having problems reporting complete data in meeting the requirements of the law.
- 1.2 Review the Compliance Supplement to determine if changes are needed to ensure that the state’s Perkins III performance data are reviewed for completeness.

OVAE concurs that some states did not report complete performance data for the year in which this audit occurred (PY 2000-2001). In response, we have enhanced our technical assistance efforts, as you recommend, as well as put in place additional procedures to address the problems you identified. These include:

- ***Sponsoring technical assistance conferences for state directors and their accountability staff.*** Attachment A provides a list of the conferences that OVAE has sponsored since 2001 to improve the ability of states to collect and report complete data. We set aside time during each of these conferences for us to provide one-on-one assistance to state directors and their staff.
- ***Holding bi-weekly conference calls with state directors and their accountability staff.*** We sponsor bi-weekly conference calls to discuss various accountability issues with state staff. During these calls, we provide information, but we particularly encourage state staff to share with their peers their strategies for addressing difficult implementation issues, including problems in collecting complete performance data.
- ***Increasing our focus on accountability issues during our monitoring visits to states.*** Accountability issues are now a major focus of our on-site monitoring. States now must document and discuss in detail with the monitoring team each step of their data collection procedures and the extent to which they are reporting to OVAE accurate, valid, and complete accountability data on each recipient of Perkins III funds.
- ***Requiring states to address data quality issues in their annual performance reports.*** As in years past, we continue to require states to attest to the reliability, accuracy, and completeness of the data they report at the time it is submitted. We recently have revised our reporting instrument to require states also to provide additional information to support this attestation.

As a result of these steps, during PY 2002-2003 (the last year for which data was submitted):

- One territory did not report any data for Perkins III;
- Only one state did not report complete data on the extent to which it met its adjusted levels of performance; and
- Twenty (20) states or 37 percent did not report complete data on the level of performance for gender, ethnicity, and special populations of students participating in vocational and technical education programs. This is due in part to the difficulty of collecting certain demographic data that could not be identified through administrative record exchanges or other collection methodologies. For example, many postsecondary students with handicaps do not self identify. With no other means of identifying those students, community colleges are unable to report certain disaggregated data. Other examples of states reporting incomplete data include secondary displaced homemakers or single parents. Many states categorically state there is no way of identifying if a high school student is a homemaker or displaced or if they were or are a parent, married or single. Some states did not report "Other Educational Barriers" as a disaggregated group. In this audit the auditors automatically marked states incomplete if they did not have students in any of these groups without considering the states' written explanations.

States with identified gaps where either "not provided" (NP) or a "0" were possible have been discussing other alternatives for reporting data that is both usable and accurate in spite of completeness if a data element is not usable. OVAE is currently providing states with technical assistance in working with local entities on how best to provide complete data or indicate that a particular data element is not appropriate for a particular instance. The 20 states reported above represent a decrease of ten states since this audit was conducted in PY 2000-2001.

The territory that failed to report any Perkins III data has entered into a compliance agreement with the department to address a number of issues related to its administration of department programs. We are following up with the remaining states to identify how we can assist them in meeting the requirements of the law.

We also concur in your recommendation to review how the Office of Management and Budget (OMB) Compliance Supplement might be revised to address this issue. We look forward to working with the Office of Inspector General (OIG) staff to identify appropriate revisions.

Finding No. 2 – OVAE Needs to Work with States to Assure That Performance Measures Are Valid

Recommendations: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 2.1 Consider requesting clarification of the law in the current reauthorization to specify that OVAE has authority for reviewing and approving states performance definitions.
- 2.2 In approving future measures, in those cases where the performance measure do not fully represent the sub-indicator, provide guidance to the states for developing other measures.
- 2.3 In those cases where the definition does not fully represent the performance measure, request that states make a full disclosure in the CAR stating that the data is the best the state has available to measure the sub-indicator.

We generally concur with this finding and the recommendations. Section 113(b)(2)(D) of Perkins III plainly states “indicators of performance... shall be established solely by each eligible agency with input from eligible recipients.” OVAE has no role in these decisions. The advantage of this approach is that it enables states to utilize existing accountability systems and to choose measures they consider most appropriate for each indicator. The disadvantage, as the draft audit indicates, is that not all states have selected valid and reliable measures of the indicators. The law also does not preclude states from using the same measure for multiple indicators, and, in some cases, a single measure may be valid for more than one indicator.

Community and technical colleges, for example, do not have discrete measures of “student attainment of challenging state established academic, and vocational and technical, skill proficiencies.” They award credentials to students who complete both the academic and technical coursework in a degree program. In this instance, when states use “degree completion” we would consider this approach a valid measure of both academic and technical skill attainment.

The president’s reauthorization proposal will address these issues by streamlining the program’s performance indicators and adopting the OMB common measures for job training and related education programs. We will focus on a smaller set of indicators that are the most meaningful and useful to federal and state policy-makers, as well as local programs, in measuring the return on the federal investment.

In the interim, we have modified our annual performance-reporting instrument to address this recommendation. We currently require states to make a full disclosure that the reported data are the best the state has available to measure the sub-indicator. Through our review process of the state’s consolidated annual report, the request for specific state plan revisions, the negotiation of future performance targets, and the review and approval of state plan revisions prior to recommending the issuing of the annual grant award allocations, we are continuing to clarify with individual states what are appropriate “performance definitions”, “performance measures” and “performance targets”. The law establishes the “performance indicators”. The indicators cannot be changed without an act of the Congress.

Finding No. 3 – OVAE’s Monitoring Process Did Not Include WIA Incentive Award Recipients for Monitoring Visits

Recommendation: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 3.1 Revise its monitoring procedures to include states that qualify for the WIA incentive awards for possible selection.

We concur with this finding and have implemented the recommendation. During PY 2000-2001 (the year in which this audit was conducted), we conducted only five monitoring visits. Of those visits, only one visit was to a state that qualified for an incentive grant. Since that time, however, we have dispatched monitoring teams to all states that received WIA incentive grants during the past two years. The state monitoring visits we have conducted since FY 2001 and plan to conduct in FY 2004 are outlined in Attachment B.

Finding No. 4 – Not All States Complied With ED’s CAR Reporting Instructions

Recommendations: The Assistant Secretary for the Office of Vocational and Adult Education should:

- 4.1 Provide additional guidance and instruction to states to provide Improvement Strategies that address each sub-indicator for which the state did not meet its adjusted performance levels.
- 4.2 Follow-up with states that do not comply with the reporting instructions.

OVAE concurs with this finding and recommendations. We have revised the annual performance-reporting instrument to require states to describe how they will improve their performance on any sub-indicators for which they failed to meet their performance targets.

Other Matters – State-by-State Comparison was not Performed

We do not concur in this finding. The annual reports we have provided to the Congress and the public have included state-by-state comparisons of performance, as required by the statute. Each report has included detailed information about the extent to which each state achieved its agreed-upon performance targets. OIG contends that these are not “state-by-state” comparisons because the states use different performance measures. The law, however, gives each state discretion to choose its own performance measures, while, at the same time, requiring OVAE to prepare “state-by-state comparisons” of performance results. The direction to issue “state-by-state comparisons” must be considered in the context of the statute as a whole. The reports OVAE has issued meet the requirements of the law.

Other Matters – Report to Congress was not Timely

OVAE concurs in this finding. Future reports will be issued in a more timely fashion.

Attachment A

Meetings and Conferences Sponsored by the Office of Vocational and Adult Education to Improve the Accuracy, Validity, and Completeness of Perkins Data Since 2001

Data Quality Initiative National Institute: Strategies For Improving Data Quality
February 1-2, 2001; New Orleans, Louisiana

Improving Validity and Reliability: State Technical Assistance Meeting
May 13-15, 2001; Reno, Nevada

Train-the-Trainer Workshop: Working With Local Educators To Collect Quality Data
August 23-24, 2001; Chicago, Illinois

National Career and Technical Education Leadership Conference
November 27-29, 2001; Washington, DC

Program Quality Institute: Strategies For Improving Program Quality
May 13-14, 2002; Jacksonville, Florida

Program Quality Institute: Strategies For Improving Program Quality
August 8-9, 2002; Atlanta, Georgia

National Career and Technical Education Leadership Conference
May 7-8, 2003; Washington, DC

Attachment B

States Monitored by the Office of Vocational and Adult Education

Note: Shading indicates a State that has received an incentive grant under the Workforce Investment Act for FY 2000 and/or 2001—the only years for which incentive grants have been awarded to date. Full visits span a week, while targeted visits are two days.

State	Year Monitored (Type of Visit)
Alabama	FY 03 (Full)
Alaska	FY 04 (Proposed; Full)
Arizona	FY 03 (Targeted)
Arkansas	FY 02 (Targeted)
California	FY 02 (Full)
Colorado	FY 03 (Full)
Connecticut	FY 04 (Proposed; Targeted)
District of Columbia	FY 03 (Targeted); FY 02 (Full)
Delaware	FY 03 (Regional)
Florida	FY 02 (Targeted)
Georgia	FY 02 (Targeted)
Guam	FY 04 (Proposed; Full)
Hawaii	FY 02 (Full)
Idaho	FY 04 (Proposed; Full)
Illinois	FY 02 (Full)
Indiana	FY 04 (Proposed; Full)
Iowa	FY 02 (Targeted); FY 02 (Regional)
Kansas	FY 04 (Proposed; Full)
Kentucky	FY 04 (Proposed; Targeted)
Louisiana	FY 03 (Targeted); FY 01 (Full)
Maine	FY 02 (Targeted)
Maryland	FY 04 (Proposed; Full)
Massachusetts	FY 02 (Full)
Michigan	FY 02 (Full)
Minnesota	FY 01 (Full)

Mississippi	FY 04 (Targeted)
Missouri	FY 03 (Targeted); FY 02 (Regional)
Montana	FY 04 (Targeted)
Nebraska	FY 03 (Targeted); FY 02 (Regional)
Nevada	FY 03 (Targeted)
New Hampshire	FY 03 (Targeted)
New Jersey	FY 03 (Regional)
New Mexico	FY 03 (Targeted)
New York	FY 02 (Targeted)
North Carolina	FY 04 (Targeted)
North Dakota	FY 04 (Proposed; Targeted)
Ohio	FY 02 (Targeted)
Oklahoma	FY 02 (Targeted)
Oregon	FY 04 (Proposed; Targeted)
Pennsylvania	FY 03 (Regional)
Puerto Rico	FY 03 (Full) FY 02 (Targeted)
Rhode Island	FY 02 (Full)
South Carolina	FY 04 (Full)
South Dakota	FY 04 (Proposed; Targeted)
Tennessee	FY 02 (Full)
Texas	FY 02 (Full)
Utah	FY 04 (Proposed; Targeted)
Virginia	FY 03 (Regional); FY 02 (Targeted)
Virgin Islands	FY 03 (Targeted)
Vermont	FY 02 (Targeted)
Washington	FY 02 (Targeted)
West Virginia	FY 03 (Full)
Wisconsin	FY 04 (Proposed; Targeted)
Wyoming	FY 04 (Proposed; Targeted)