UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

AUDIT SERVICES
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Mr. Michael Sentance
State Superintendent of Education
Alabama State Department of Education
5114 Gordon Persons Building
50 North Ripley Street
Montgomery, AL 36104

Dear Mr. Sentance:

This final audit report, "Calculating and Reporting Graduation Rates in Alabama," presents the results of our audit. The purpose of the audit was to determine whether the Alabama State Department of Education (ALSDE) implemented a system of internal control over calculating and reporting graduation rates sufficient to provide reasonable assurance that reported graduation rates were accurate and complete. Our audit period covered the Adjusted Cohort Graduation Rate (ACGR) for school year (SY) 2013–14.[1]

BACKGROUND

In October 2008, the U.S. Department of Education (Department) issued regulations to include requirements for calculating the ACGR. On December 10, 2015, President Obama signed the Every Student Succeeds Act (ESSA), which reauthorized the Elementary and Secondary Education Act of 1965, as amended, and codified a similar definition for calculating the ACGR. Requirements under ESSA that pertain to formula grant programs, such as Title I, Part A, of the Elementary and Secondary Education Act of 1965, as amended, are scheduled to be effective for SY 2017–18.[2]

The ACGR was designed to provide a uniform and more accurate measure of calculating high school graduation rates that is comparable across States and increases accountability and transparency. It was also intended to be used as an academic indicator to measure student

[1] For the purposes of this report, we refer to a specific school year cohort as the students who were first-time ninth graders 4 years prior to the reported ACGR. For example, the SY 2013–14 cohort included first-time ninth graders in SY 2010–11.
[2] Although the ESSA ACGR definition was not in effect for the SY 2013–14 ACGR, we considered the ESSA definition in case our audit identified changes in Alabama's practices that were needed for future compliance with ESSA.

achievement and school performance. The ACGR is the percentage of students in the cohort who graduate within 4 years. To calculate the ACGR, States identify the "cohort" of first-time ninth graders in a particular school year and adjust this number by adding any students who transfer into the cohort after ninth grade and subtracting any students who transfer out, emigrate to another country, or die. The following shows the ACGR formula for SY 2013–14:

$$\frac{\text{Number of cohort members who earned a regular high school diploma}^{3}\text{ by the end of SY 2013–14}}{\text{Number of first-time ninth graders in Fall 2010 (starting cohort) plus students who transferred in, minus students who transferred out, emigrated, or died during SYs 2010–11, 2011–12, 2012–13, and 2013–14}}$$

} Numerator

} Denominator

The Department first reported the nation's high school graduation rate using the ACGR for SY 2010–11. At that time, the nation's high school graduation rate was 79 percent. The nation's high school graduation rate for SY 2014–15 was 83.2 percent, the highest level since States adopted the ACGR.

Alabama's Graduation Rate Increase

In September 2012, ALSDE established a strategic plan, "Plan 2020," for improving education statewide. In this plan, ALSDE established a goal of a 90 percent high school graduation rate by SY 2019–20. Between SYs 2010–11 and 2013–14, Alabama's reported graduation rate increased an average of 4.8 percentage points per year as compared to the national ACGR increase of 1.1 percentage points per year. Table 1 illustrates Alabama's graduation rates compared to the national average graduation rates since SY 2010–11.

Table 1. National High School ACGR Compared to Alabama's Reported ACGR

School Year	National ACGR (Percent)[+]	Alabama ACGR (Percent)	Difference
2010–11	79	71.8	-7
2011–12	80	75.2	-5
2012–13	81.4	80.0	-1.4
2013–14	82.3	86.3	4.0

[+]The National ACGR for SYs 2010–11 and 2011–12 were reported as whole numbers, and our calculated difference reflects this level of rounding.

Alabama's increase in the ACGR was due primarily to a decrease in the cohort size rather than an increased number of graduates. Specifically, between SYs 2010–11 and 2013–14, Alabama's reported cohort sizes (the ACGR denominator) steadily decreased by about 14 percent in total from 62,962 to 54,391 students, while the number of reported graduates increased by about 4 percent in total during the same period, from 45,221 to 46,950.

[3] According to Title 34 of the Code of Federal Regulations §200.19(b)(iv)(2013), the term ''regular high school diploma'' means the standard high school diploma that is awarded to students in the State and that is fully aligned with the State's academic content standards or a higher diploma. The term does not include a General Educational Development credential, certificate of attendance, or any alternative award.

ALSDE's Collection of ACGR Data

From SY 2010–11 through 2012–13, the local educational agencies (LEAs) and schools in Alabama began using InformationNOW, a student data management system. During the transition to the new system, ALSDE calculated the ACGR using student data from schools using InformationNOW and from reports generated by LEAs for schools not using InformationNOW. In SY 2013–14, when all LEAs were using InformationNOW, the first-time ninth grade cohort was built and updated directly from InformationNOW data replicated in ALSDE's Accumulator, the database that it used to collect and upload LEA data to the Cohort Application. Once these data were then uploaded into the ALSDE Cohort Application, ALSDE used them to calculate the ACGR.

ACGR Data Accountability and Reporting

At the end of each 4-year cohort, ALSDE calculated an initial graduation rate for each LEA[4] and provided it the opportunity to review its ACGR in the Cohort Application. ALSDE established a manual adjustment period during which LEAs and schools could initiate requests to update student records if they needed to make corrections. ALSDE's Prevention and Support Services team was responsible for making determinations on the school or LEA manual adjustment requests. The Program Coordinator for the Prevention and Support Services team is the ACGR data owner.[5] The ACGR data owner reviewed the data in the Cohort Application and approved the data for the Consolidated State Performance Report[6] for submission to the Department.

Selected LEAs

Alabama had 135 LEAs in SY 2013–14. We selected two of these LEAs, Birmingham City Schools (Birmingham) and Mobile County Public School System (Mobile), to test LEA controls over the accuracy and completeness of ACGR data at the LEA level. Birmingham was the fifth largest LEA in Alabama and reported a graduation rate of 79.4 percent in SY 2013–14 for its seven high schools. Birmingham's graduation rate increased 24.8 percentage points from SYs 2010–11 through 2013–14.

Table 2. Birmingham's ACGR Data

School Year	Numerator	Denominator	ACGR
2010–11	1,421	2,602	54.6
2011–12	1,356	2,417	56.1
2012–13	1,246	1,903	65.5
2013–14	1,327	1,671	79.4

Mobile was the largest LEA in Alabama and reported a graduation rate of 82.3 percent in SY 2013–14 for its 12 high schools. Mobile's graduation rate increased 18.3 percentage points from SYs 2010–11 through 2013–14.

[4] LEAs had their schools reconcile their student records to the ACGR that ALSDE provided.
[5] ALSDE senior staff members were assigned as data owners to various data elements that ALSDE was required to submit to the Department in the Consolidated State Performance Report, such as the ACGR. Each data owner was responsible for the data quality for their assigned data element.
[6] The Consolidated State Performance Report is the required annual reporting tool for each State, the District of Columbia, and Puerto Rico as authorized under Section 9303 of the Elementary and Secondary Education Act of 1965, as amended.

Table 3. Mobile's ACGR Data

School Year	Numerator	Denominator	ACGR
2010–11	3,602	5,631	64.0
2011–12	3,669	5,366	68.4
2012–13	3,194	4,225	75.6
2013–14	3,369	4,094	82.3

Uniform Guidance

In December 2013, the Office of Management and Budget published Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, known as the Uniform Guidance, in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.), which consolidated and superseded requirements from eight circulars. The Uniform Guidance streamlined the administrative requirements, cost principles, and audit requirements for Federal awards. These requirements became effective for grants awarded on or after December 26, 2014.[7]

According to 2 C.F.R. §200.303, non-Federal entities are required to establish and maintain effective internal controls over their Federal awards that provide reasonable assurance that they are managing the awards in compliance with Federal statutes, regulations, and the terms and conditions of the awards. These internal controls should comply with established guidance from the U.S. Government Accountability Office and the Committee of Sponsoring Organizations of the Treadway Commission. In addition, 2 C.F.R. §200.328 states that non-Federal entities are responsible for oversight of the operations of their Federal award-supported activities and must monitor their activities under Federal awards (including all functions and programs) to assure compliance with applicable Federal requirements and that performance expectations are being achieved.

AUDIT RESULTS

We found that ALSDE's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete during our audit period. In addition, ALSDE misreported ACGR data to the Department because the former State Superintendent decided to continue counting students who earned an alternative diploma after being advised by the Department that those students could not be included as graduates in the ACGR.

In its comments on the draft report, ALSDE agreed with our findings and recommendations. We summarize ALSDE's comments at the end of each finding and include the full text of its comments as Attachment 2. ALSDE requested one correction for the number of LEAs in SY 2013–14 in the "Background" section of the report, which we updated.

[7] The Uniform Guidance was not in effect during the period covered by our audit; however, compliance with its requirements will be critical going forward for all recipients of Federal awards.

FINDING NO. 1 – ALSDE's System of Internal Control Did Not Provide Reasonable Assurance That Reported Graduation Rates Were Accurate and Complete

ALSDE's system of internal control did not provide reasonable assurance that reported graduation rates were accurate and complete. Specifically, we found that (1) ALSDE did not oversee or monitor LEAs' internal controls over the reliability of ACGR data, (2) ALSDE's manual adjustment process controls did not provide reasonable assurance that students were accurately accounted for, and (3) ALSDE's Cohort Application did not always adequately account for students in the appropriate cohort. These weaknesses occurred because ALSDE did not implement a process to monitor the LEAs' systems of internal control or the LEAs' processes to ensure the accuracy and completeness of LEA data. As a result, ALSDE's reported ACGR for SY 2013–14 was not accurate and complete. Consequently, both ALSDE and the Department risk using inaccurate and incomplete data when describing and reporting on both ALSDE's progress toward raising graduation rates, as well as its accountability as an academic indicator to measure student achievement and school performance.

ALSDE's Oversight and Monitoring Did Not Include Review of LEA Controls Over ACGR Data Reliability

We found that ALSDE did not oversee or monitor LEA internal controls over ACGR data reliability. Specifically, ALSDE did not (1) monitor the LEA processes to ensure that the data received from the LEAs were accurate and complete, (2) ensure that the students LEAs identified as graduates in the cohort met State graduation requirements, or (3) ensure that LEAs maintained adequate documentation for the removal of students from the cohort.

Although ALSDE conducted compliance monitoring of LEAs on a 4-year cycle for State and Federal compliance, it did not perform monitoring specific to LEA controls over ACGR data reliability. For SY 2013–14, student transcript audits were performed as part of compliance monitoring. Reviewers evaluated a sample of 11th and 12th grade student transcripts[8] to check for the accuracy of coded courses and to determine whether the students were on track to graduate on time. If the error rate was more than 50 percent, ALSDE would add to the number of student transcripts sampled and the LEA would receive a citation and be required to do a corrective action plan. However, ALSDE did not monitor the processes performed at the LEA level to ensure that the data received from the LEAs, which were used to calculate the ACGR, were accurate and complete.

The U.S. Government Accountability Office's "Standards for Internal Control in the Federal Government," may be used by LEAs to develop a system that produces accurate and complete data. Further, the Elementary and Secondary Education Act of 1965, as amended by both the No Child Left Behind Act of 2001[9] (Section 9304(a)) and ESSA[10] (Section 8304(a)) requires State educational agencies to properly monitor their LEAs. According to ALSDE officials, ALSDE did not monitor controls over ACGR data reliability and believed that it was the LEAs'

[8] According to the ACGR Data Owner, a sample of 10 transcripts was selected for smaller LEAs, and 3percent of transcripts were selected for larger LEAs.
[9] The amendments made by the No Child Left Behind Act of 2001 were in effect during the SY 2013-14 cohort.
[10] Although the ESSA amendments were not in effect for the SY 2013-14 cohort, we considered the ESSA requirements for ALSDE's future compliance with the Elementary and Secondary Education Act of 1965, as amended by the ESSA.

responsibility to ensure that they provided accurate and complete information to the State. ALSDE relied heavily on LEA data, but ALSDE did not ensure that the LEAs were monitoring their own systems and processes, nor did it require LEAs to certify to the accuracy and completeness of ACGR data they submitted to ALSDE.

In addition, ALSDE did not have reasonable assurance that students identified as graduates in the cohort met State graduation requirements. Specifically, we found 5 students erroneously reported as graduates out of the 67 we reviewed.[11] In one case, the student died before earning enough credits and should have been removed from the cohort in accordance with Federal regulation. The other four reported graduates did not meet the State credit requirements for graduation. According to the Alabama Administrative Code,[12] students needed a total of 24 credits in specific subject areas to earn a regular Alabama high school diploma and these 4 students did not meet these requirements. Table 4 shows the results of our testing.

Table 4. Sample Results From Graduate Testing at LEAs

LEA	Total Graduates Reported Without a Manual Adjustment Recorded	Sample Size	Sampled Students Incorrectly Counted as Graduates
Birmingham	1,284	22	3 (14%)
Mobile	3,298	45	2 (4%)

Finally, ALSDE did not have reasonable assurance that LEAs maintained adequate documentation for students removed from the cohort. During our testing, we found that both Birmingham and Mobile did not always maintain supporting documentation for the removal of students from the SY 2013–14 cohort. Specifically, Birmingham did not have adequate documentation for five of the six students and Mobile lacked documentation for one of the six students to support their removal from the cohort. Additionally, one student from Birmingham in our sample who was a first-time ninth grader in SY 2010–11 was removed from the cohort because the student enrolled in the Dropout Prevention program, which is not an allowable reason for removing a student from the cohort. Table 5 shows the results of our testing. In addition, we found the majority of sampled students removed (86 percent of the sample) were not first-time ninth graders in SY 2010–11 and never should have been included in the cohort that we reviewed (discussed further in the following section).

[11] We performed testing of random samples of students who were reported as graduates and those who were removed from the cohort. Due to small sample sizes, the results reported pertain only to the sampled students, not the universe. See the Objective, Scope, and Methodology section for the sampling methodology used.

[12] The Alabama Administrative Code, Chapter 290-3-1-.02(8.1)(a-1), applies to students who were first-time ninth graders in SY 2010–11 and graduated in SY 2013–14. The Administrative Code specifies how the credits must be distributed across subject areas.

Table 5. Sample Results From Cohort Testing at LEAs

LEA	Total Students Removed From Cohort	Sample Size	Sampled Students Not First-Time Ninth Graders in SY 2010–11	Sampled Students First-Time Ninth Graders in SY 2010–11	Unsupported or Unallowed Removals+
Birmingham	483	42	36 (86%)	6	6
Mobile	1,120	44	38 (86%)	6	1

+Unsupported means that the documentation for a student's removal from the cohort was inadequate; unallowed means that the student was removed from the cohort for a reason that was not allowed.

According to 34 C.F.R. § 200.19(b)(1)(ii)(B), to remove a student from a cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. Further, the Department's 2008 High School Graduation Rate Non-Regulatory Guidance states that acceptable reasons for a student to be removed from a cohort as a transfer include transfers out of State, to home school, to private school, or to a juvenile detention center supported by acceptable written documentation.

ALSDE stated that it did not oversee or monitor LEA controls over the reliability of their ACGR data and believed that LEAs were responsible for maintaining and reporting accurate and complete ACGR data. Through our testing, we found that students were both erroneously counted as graduates and removed from the ACGR cohort without sufficient documentation or for unallowable reasons. As a result, ALSDE's reported ACGR for SY 2013–14 was not accurate and complete. In addition, although the Uniform Guidance was not in effect during the SY 2013–14 cohort, ALSDE will be required to comply with applicable requirements in the future.

ALSDE's Manual Adjustment Process Controls Were Not Effective

We found that ALSDE did not have effective internal controls over the manual adjustment process. The manual adjustment process is the period of time in the fourth year of the cohort that ALSDE opens the Cohort Application for LEAs and schools to access its initial ACGR. ALSDE encouraged schools and LEAs to initiate manual adjustment requests to reconcile school records with student data in the Cohort Application. ALSDE's Director for the Office of Learning Support, in conjunction with the Program Coordinator for Prevention and Support Services, stated that ALSDE emphasized that the manual adjustment process was for LEAs to raise their graduation rates.

We reviewed student outcomes from three random samples of the Statewide manual adjustments for the SY 2013–14 ACGR: graduates, nongraduates, and students who were removed from the cohort.[13] We found that ALSDE could not always support the Prevention and Support Services team members' determinations for graduates or those students removed from the cohort. For example, transcripts for some graduates included courses that were not of the type or quantity needed to earn a regular Alabama high school diploma. Specifically, nine students reported as graduates did not complete all credit requirements or did not graduate in SY 2013–14, and one student was not a first-time ninth grader in SY 2010–11, as required. In addition, we found that

[13] Our testing was based on random samples of students whose Cohort Application data received a manual adjustment. Due to the sample sizes, the results reported pertain only to the sampled students and not the universe.

ALSDE did not always maintain the required documentation supporting allowable student removal from the graduation cohort. We also found one student in the nongraduate sample who should have been identified as a graduate. Table 6 shows the results of our testing.

Table 6. Sample Results From Testing of Manual Adjustments at ALSDE

Student's Final Recorded Outcome	Universe	Sample Size	Unsupported or Unallowed
Graduate	361	40	10
Nongraduate	2,066	44	1
Removed from Cohort	5,954	45	5

In addition, we identified one student outside of our sample whose cohort status was changed even though the ACGR data owner knew that the student's status should not be changed. The cohort application showed that the LEA requested a change of status because the student withdrew and obtained a General Educational Development credential (GED). Obtaining a GED is not an allowable reason for removal from a cohort. The ACGR data owner approved the change and added a comment in the system that stated, "I will give you this one. Students cannot withdraw to a GED School." The ACGR data owner was responsible for accuracy and completeness of ACGR data but nonetheless approved incorrect data for submission to the Department.

ALSDE Did Not Always Adequately Account for Students in the Appropriate Cohort

We found that ALSDE's Cohort Application did not always adequately account for students in the appropriate cohort. ALSDE designed the Cohort Application to build the first-time ninth grade cohorts, update student information, and calculate the State and LEA ACGRs. As previously noted, we found a significant number of students in our two LEA samples who were removed from the cohort because they were not first-time ninth graders in SY 2010–11. For instance, in Birmingham, 86 percent (36 of 42) of students in our sample were not first-time ninth graders in SY 2010–11; in Mobile, 86 percent (38 of 44) of students in our sample were not first-time ninth graders in SY 2010–11. These students all belonged to prior cohorts, but ALSDE could not provide evidence that the students removed from this cohort were properly moved to and reported in the correct cohorts. We also found a student in the manual adjustment sample who was incorrectly identified as a graduate: the student was not a first-time ninth grader in SY 2010–11 and should not have been in the SY 2013–14 cohort.

According to the ALSDE Application Development Manager, system issues occurred with the Cohort Application, including long system processing time and duplicate State Student Identification numbers. In addition, ALSDE was transitioning to the InformationNOW system Statewide during the years covered by the SY 2013–14 cohort. The transition was completed in phases and took place over the course of 3 years. Therefore, ALSDE could not collect the data in the same way for all LEAs, which made it difficult to ensure data accuracy. Further, because ALSDE could not provide evidence the removed students were eventually included in correct prior cohorts and appropriately reported to the Department, students who will be reported in future cohorts may have belonged in the cohort we reviewed. As a result, ALSDE's reported ACGR for SY 2013–14 and other school years may not be accurate and complete.

Recommendations

We recommend that the Acting Assistant Secretary for the Office of Elementary and Secondary Education require ALSDE to—

1.1 Develop and implement a process, such as a risk-based monitoring tool, to monitor the LEAs' systems of internal control and processes performed throughout the cohort period to ensure that the data they submit to ALSDE are accurate and complete, students are counted in the right cohort, and LEAs maintain documentation supporting student removal from a cohort.

1.2 Develop and implement written policies and procedures for ALSDE staff for reviewing requests for manual adjustments in the Cohort Application, including requiring appropriate levels of review.

1.3 Establish LEA accountability over ACGR data quality through the use of LEA certifications regarding the effectiveness of their systems of internal control and the accuracy and completeness of data submitted to ALSDE.

1.4 Review its current cohorts that have not been reported to the Department to ensure the completeness of the cohorts and that students are assigned to the correct cohort.

ALSDE Comments

ALSDE agreed with our finding and provided a corrective action plan in response to the recommendations. ALSDE's planned corrective actions include revising its compliance monitoring process to include a risk-based indicator to monitor LEAs' systems of internal control and processes performed throughout the cohort period to ensure that data submitted to ALSDE are accurate and complete, developing a student data application that will contain student transcript information and can be used during ALSDE's transcript audit process, creating written procedures for the manual adjustment process, and requiring LEAs to certify to the effectiveness of their systems of internal control and the accuracy and completeness of data submitted to ALSDE.

FINDING NO. 2 – ALSDE Misreported ACGR Data to the Department

ALSDE misreported ACGR data to the Department during our audit period, the SY 2013–14 cohort, by including students who did not earn a regular diploma. Specifically, ALSDE counted students who received the Alabama occupational diploma (AOD) as graduates who met the regulatory requirements for inclusion in the ACGR. The AOD is an alternative diploma option for students with disabilities who have chosen not to pursue the Alabama high school diploma but have a post-school goal of employment. The AOD curriculum emphasizes life skills and development of appropriate work skills and habits, such as being punctual, dressing appropriately, personal hygiene, and following directions. Further, documentation ALSDE provided regarding the AOD graduates during our audit period showed it also misreported ACGR data to the Department for SYs 2010–11 through 2012–13.

The AOD did not align with the State's academic standards, and including students who earned an AOD improperly inflated ALSDE's graduation rate. According to Alabama's AOD Manual, revised May 2010, students pursuing the AOD may not count credits earned in the AOD courses of study toward the regular diploma except as electives. ALSDE submitted the ACGR in the Consolidated State Performance Report to the Department with a certification that the data "… to the best of my knowledge, are true, reliable, and valid."

Before the Department published ACGR regulations in 2008, ALSDE included AOD recipients in its high school graduation rates. In communications between the Fall 2011 and May 2012, the Department informed ALSDE that AOD recipients could not be included in the ACGR as the AOD did not meet the Federal definition of a regular high school diploma. On March 6, 2012, the former State Superintendent submitted to the Department, for approval, an amended Consolidated State Application Accountability Workbook.[14] The submission explained how ALSDE planned to calculate graduation rates for SY 2011–12. Consistent with the Department's communications with ALSDE, the revision removed AOD recipients from the graduates that would be included in the graduation rate. The revision changed ALSDE's definition of a graduate from

> … a student who completes state developed graduation requirements for a diploma (Alabama High School Diploma, Alabama Occupational Diploma, and Alternate Adult High School Diploma)

to

> … a student who completes an Alabama High School Diploma. Only students meeting the definition of a graduate will be included in the numerator of the graduation rate formula. Students receiving non standards-based certificates or GED will not be included as graduates when calculating graduation rates.

On March 9, 2012, the former State Superintendent informed all local superintendents, by email, that students who received an AOD would be reported as graduates. In the email, which was not provided to us until a new State Superintendent was in place, the former State Superintendent acknowledged that his decision contradicted the Department's decision that the AOD was an alternative award that did not meet regulatory requirements for inclusion in the ACGR calculation. The former State Superintendent's email stated the following:

> As you are aware the USDOE [U.S. Department of Education] recently issued a ruling that those students who have obtained an Alabama Occupational Diploma cannot be included as a graduate in our calculation for 4-year cohort graduation rate. Without going through the many reasons why this is an unacceptable decision I will sum it up with it is just wrong. This morning I shared with the state board [sic] that I had made the decision that we would be counting our AOD students in our calculations and that I would be meeting with Secretary Duncan later this month to explain my decision. I know you and your staff are in the middle of finalizing your data and wanted you to be aware of this decision. We have made

[14] The Consolidated State Application Accountability Workbook is a required reporting from each State to the Department detailing the implementation status of critical elements required for approval of the State's accountability system.

> the appropriate changes within our system here at the SDE [State Department of Education] to make sure those students are counted.

According to Department officials, there is no record of a meeting between the former State Superintendent and former Secretary Duncan. On March 22, 2012, the Alabama State Board of Education requested reconsideration of the Department's decision that the AOD did not meet regulatory requirements for inclusion in the ACGR calculation. The letter stated that

> … the decision to not recognize the Alabama Occupational Diploma as a valid and legal document of completion is in direct violation of our state rules and regulations under which these students have functioned throughout their high school career. The Alabama Occupational Diploma has been in place for over a decade and is recognized … as a valid indication of a student's completion of a rigorous course of study that is aligned with standards that all students within Alabama's public school system are expected to meet. We support our State Superintendent's decision to adhere to our current graduation requirements, including the Alabama Occupational Diploma, and Alabama's calculation of the four-year cohort graduation rate.

Of particular concern to the board, as noted in the letter, were the potential negative consequences that not counting the AOD as a regular high school diploma might have on the State's special needs students, "…who through this diploma option can become contributing members of their local communities and our economy."

A Department letter to ALSDE, dated April 17, 2012, stated that ALSDE did not provide sufficient evidence that ALSDE was implementing the ACGR in accordance with regulatory requirements. Specifically, ALSDE did not provide sufficient evidence that the ACGR will include only recipients of a regular high school diploma, fully aligned to the State's academic content standards, as graduates, and will not include recipients of a GED, certificate of attendance, or any alternative award.

On May 15, 2012, the Department sent a letter to each board member confirming its decision that the AOD "… does not constitute a standard high school diploma in Alabama. Rather, the AOD serves as an alternative award based on modified requirements that differ from what is required to obtain the Alabama High School Diploma." The Department further stated that its "… determination does not affect Alabama's authority to award the AOD as means [sic] of documenting high school completion …"

The former State Superintendent, in a May 21, 2012, letter to the Department, reiterated his disagreement with the Department's determination that AOD students not be counted as graduates in the ACGR, and requested the following:

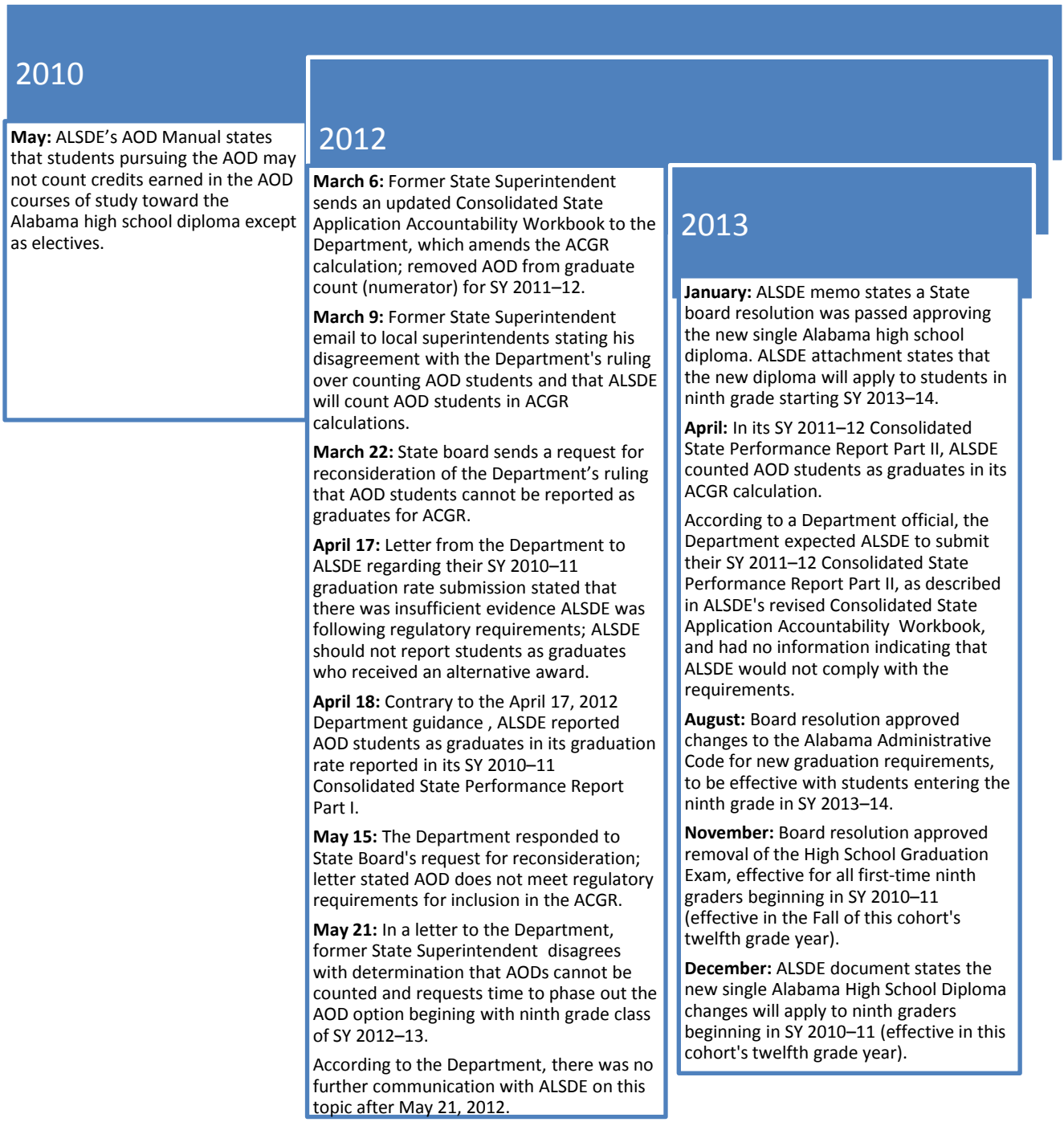
> If the AOD cannot be a valid diploma option by your standards, we ask that you afford us the opportunity to phase this diploma option out beginning with the 9th grade class of [SY] 2012–13. This will give us the time needed to notify local education agencies and the public, … reprogram computer information systems, and amend our diploma options.

The Department's ACGR data team lead stated that there was no further formal communication with ALSDE on this topic and the Department had no information indicating that ALSDE did not then comply with the requirements and the change it made in its Consolidated State Application Accountability Workbook. However, despite the Department's April 17, 2012,

guidance and contrary to the State's plan as outlined in its revised Consolidated State Application Accountability Workbook, we found that ALSDE counted AOD recipients as graduates in its reported ACGRs for SYs 2010–11 through 2013–14.[15] During this time, ALSDE also made significant changes to the State requirements for graduation, including renaming the AOD as the Essentials/Life Skills Pathway.[16] Although the changes to the Essentials/Life Skills Pathway standards were not completed in the SY 2013–14 cohort, ALSDE still included it in the standard diploma and in its calculation of the ACGR. Figure 1 shows the significant ACGR-related actions taken by both ALSDE and the Department.

[15] ACGR data are reported to the Department through the Consolidated State Performance Report Part II and are due following the end of the school year. For example, SY 2013–14 ACGR data were due by February 13, 2015.
[16] Essentials/Life Skills Pathways courses remained the same as the AOD courses; however ALSDE allowed all students, not just students with special needs, to earn the newly named diploma.

Figure 1. Timeline of Significant ACGR-Related Actions Taken



According to 34 C.F.R. §200.19(b)(1)(i)(A), a State must calculate a four-year adjusted cohort graduation rate, defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. In addition, 34 C.F.R. §200.19(b)(1)(iv) states that a regular high school diploma is the standard high school diploma that is awarded to students in the State and is fully aligned with the State's academic content standards or a higher diploma and does not include a GED credential, certificate of attendance, or any alternative award.

The former State Superintendent's decision to continue including students in the graduate counts who had earned an AOD diploma led to ALSDE overstating its reported ACGR. The former State Superintendent disagreed with the Department's decision and stated, in the May 21, 2012, letter to the Department, that the AOD was aligned with the current course of study standards and recognized by employers and technical schools as a valid indication of a student's completion of a rigorous course of study. However, the former State Superintendent's statements are contrary to ALSDE guidance, such as its May 2010 AOD Manual, which states students pursuing the AOD may not count credits earned in the AOD courses of study toward the regular diploma except as electives.

On December 8, 2016, ALSDE issued a press release, based on our audit, to acknowledge that ALSDE's graduation rate was misstated to "the people of Alabama – policymakers, educators, parents, students, all citizens – and to the Department." The press release stated that the AODs were not anchored to the standards required for graduation but were counted in Alabama's ACGR, ALSDE did not increase oversight of local school systems' awarding of earned class credits, and ALSDE did not monitor local systems with the necessary scrutiny. ALSDE called the issue an "internal, administrative oversight and the ALSDE is now in the process of addressing all related areas."

The ACGR data that ALSDE reported to the Department for SY 2013–14, as well as SYs 2010–11 through 2012–13, were inflated because the former State Superintendent decided to continue including students who earned an AOD diploma in the graduate counts. In addition, for SY 2013–14, ALSDE's ACGR included students who did not meet the requirements to graduate with a regular high school diploma or who were erroneously removed from the cohort, as discussed in Finding No. 1. However, we cannot quantify the amount by which the rate was inflated because (1) our testing covered in Finding No. 1 cannot be projected to the universe, and (2) we could not determine the number of AOD diplomas that were counted as graduates due to the way in which AOD students were recorded in the Cohort Application. Consequently, ALSDE certified to the Department that inaccurate ACGR data were true, reliable, and valid for SY 2013–14, as well as for SYs 2010–11 through 2012–13. Finally, there is no assurance that all other graduation data and information provided by ALSDE to the Department are accurate and complete.

Recommendations

We recommend that the Acting Assistant Secretary for the Office of Elementary and Secondary Education require ALSDE to—

2.1 Remove AOD- Essentials/Life Skills Pathway graduates from the ACGR until it can be shown that the program is fully aligned with the Alabama standard diploma academic requirements.

2.2 Disclose to the Department known data limitations for ALSDE's ACGR data for SYs 2010–11 through 2013–14 noting that the data are unreliable, and include an annotation where data are reported to the public.

ALSDE Comments

ALSDE agreed with our finding and provided a corrective action plan in response to the recommendations. ALSDE's corrective action plan stated that ALSDE will include in its ACGR only students whose coursework is fully aligned to the State's core academic content standards. In addition, ALSDE will submit a letter to the Department disclosing that its ACGR data for SYs 2010–11 through 2013–14 were unreliable. Additionally, where the data are reported to the public, ALSDE will annotate the unreliable data.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of our audit was to determine whether ALSDE implemented a system of internal control over calculating and reporting graduation rates sufficient to provide reasonable assurance that reported graduation rates were accurate and complete.

We reviewed ALSDE's system of internal controls related to the calculating and reporting of the ACGR. Our review covered the ACGR for SY 2013–14, which included the cohort of students who were first-time ninth graders in SY 2010–11 and the period of time ALSDE used to calculate the ACGR. However, documentation ALSDE provided showed that they also incorrectly counted AOD graduates in their ACGR data reported to the Department for SYs 2010–11 through 2012–13. ALSDE did not provide all relevant information in response to our initial request; however ALSDE's new administration provided key documents and provided a Management Representation Letter stating that all requested information was provided. As mentioned in Finding No. 2, ALSDE did not disclose the former State Superintendent's email to the OIG auditors until a new State Superintendent was in place. The information that ALSDE did provide enabled us to draw conclusions sufficient to answer our audit objective.

To achieve our audit objective, we performed the following procedures:

- Reviewed applicable State regulations, guidance, and protocols related to the ACGR to ensure they aligned with and complied with Federal regulations and guidance.
- Reviewed the State's internal controls over the collection and reporting of ACGR data in the Cohort Application system.
- Interviewed State officials responsible for monitoring ACGR data and providing related technical assistance to the LEAs, reviewed their monitoring protocols and tools to determine whether they adequately assessed the reliability of ACGR data.
- Interviewed State officials who manage the ACGR Accumulator and Cohort Application systems.
- Interviewed State officials responsible for the review of manual adjustment requests.
- Determined the extent of ALSDE verification of cohort graduate data at both ALSDE and LEAs.
- Identified training provided to ALSDE and LEA employees for the submission of student cohort data and evaluated the effectiveness of the training.
- Interviewed a member of the Alabama State Board of Education to determine the board's involvement in ACGR-related matters for ALSDE.

- Performed testing at ALSDE of students whose records had manual adjustments (see "Sample Testing" at ALSDE below).
- Judgmentally selected two Alabama LEAs for review and performed the following procedures at each LEA:
    - assessed internal controls related to the ACGR,
    - reviewed LEA-level policies and procedures related to the ACGR,
    - interviewed key LEA officials responsible for monitoring and oversight of local ACGR data, and
    - sampled both graduates and students removed from the cohort (see "Sample Testing at LEAs" below).

State and LEA Selections

Alabama is one of three States we selected for a series of audits to assess whether States implemented systems of internal control over calculating and reporting graduation rates sufficient to provide reasonable assurance that reported graduation rates were accurate and complete. We judgmentally selected Alabama because its ACGR growth between SYs 2012–13 and 2013–14 was more significant[17] than any other State for which we had data. We selected 2 LEAs, Birmingham and Mobile, from the 68 LEAs in Alabama that had a cohort size of 200 students or more. Similar to our process for selecting States, we selected LEAs based on their unusual ACGR growth rates. Specifically, we selected Birmingham because its ACGR growth between SYs 2012–13 and 2013–14 was more significant than any other LEA in Alabama. We selected Mobile because, between SYs 2012–13 and 2013–14, its ACGR had the third highest significant growth and because it was the largest LEA in Alabama.

Sampling Methodology

Sample Testing at ALSDE

We performed testing of random samples of students whose records had a manual adjustment, referred to as "Sample Sizes for Testing at ALSDE" in Table 7 below. These manual adjustments were made to change the outcome (graduate, nongraduate, or removed from cohort) or to adjust the status of the outcome (such as a nongraduate's status changing from withdrawn to dropout). We selected random samples of students having one of three different recorded outcomes: (1) students recorded as graduates, (2) students recorded as nongraduates, and (3) students recorded as removed from the cohort and were not included in the ACGR calculation. Sample sizes depended on universe size and our assessment of risk. The results from our testing, which are covered in the "Audit Results" section of this report, pertain only to the students sampled and cannot be projected to the entire universe of students.

[17] To evaluate which States had the largest change in their students' odds of graduating, we calculated and compared standardized odds ratios.

Table 7. Sample Sizes for Testing at ALSDE

Student's Final Recorded Outcome for SY 2013–14	Total Students	Manual Adjustments Universe	Sample Size
Graduate	46,950	361	40
Nongraduate	7,442	2,066	44
Removed from Cohort	11,977	5,954	45

Sample Testing at the LEAs

We performed testing on two random samples of students whose outcomes did not have a manual adjustment. We selected random samples from two different recorded outcomes: (1) students recorded as graduates and (2) students recorded as removed from the cohort and were not included in the ACGR calculation. Unlike our testing at ALSDE, we did not sample from the records showing a nongraduate recorded outcome because we did not initially assess those outcomes to be a high-risk area for the purposes of this audit. Tables 8 and 9 show the universe and sample size of the testing performed at the two selected LEAs. Sample sizes depended on universe size and our assessment of risk. The results from our testing, which are covered in the "Audit Results" section of this report, pertain only to the students and LEAs included in our review and cannot be projected to the entire universe of students or LEAs not reviewed.

Table 8. Sample Sizes for Testing at Birmingham

Student's Recorded Outcome for SY 2013–14	Universe from LEA's Unadjusted Outcomes	Sample Size
Graduate	1,284	22
Removed from Cohort	483	42

Table 9. Sample Sizes for Testing at Mobile

Student's Recorded Outcome for SY 2013–14	Universe from LEA's Unadjusted Outcomes	Sample Size
Graduate	3,298	45
Removed from Cohort	1,120	44

The sample testing consisted of the following:

- testing student data to determine whether the LEAs followed appropriate guidance and regulations for the tracking of student cohorts;
- testing the accuracy of how LEAs coded the selected students; and
- assessing the sufficiency of documentation that supported the removal of a student from the cohort or graduate status of a student, such as a transcript, an official letter from a private school, youth service center, or an out-of-State school confirming student transfer.

We conducted site visits at ALSDE in Montgomery, Alabama, from April 5, 2016, through April 8, 2016, and September 19, 2016, through September 21, 2016. We conducted site visits at Birmingham from May 9, 2016, through May 12, 2016, and at Mobile from June 20, 2016, through June 23, 2016. We held an exit conference with ALSDE on February 16, 2017, to discuss the results of the audit.

We assessed ALSDE's internal controls over calculating and reporting graduation rates by reviewing ALSDE's policies and procedures, training provided to staff and LEAs, and other relevant documents; testing various cohort samples; and interviewing ALSDE and LEA officials. We found weaknesses in ALSDE's overall system of internal control. Thus, we determined that ALSDE's system of internal controls did not provide reasonable assurance that reported graduation rates were accurate and complete, which we fully reported in the audit results.

We relied, in part, on computer-processed data from ALSDE's archive file of ACGR data for the SY 2013–14 graduation cohort. We also used ALSDE's backup file that reflected all current ACGR data as of April 8, 2016. We reconciled the archive file with the information that was submitted to the Department as part of ALSDE's Consolidated State Performance Report. We used the information to select our sample for testing at ALSDE and LEAs. Based on the work performed, we determined the information was sufficiently reliable to be used in meeting the audit objective.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

ADMINISTRATIVE MATTERS

Statements that managerial practices need improvements, 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 the appropriate U.S. Department of Education officials.

If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following U.S. Department of Education official, who will consider them before taking final Departmental action on this audit:

Jason Botel
Principal Deputy Assistant Secretary
Acting Assistant Secretary
Office of Elementary and Secondary Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

It is the policy of the U. S. Department of Education to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 calendar days would be appreciated.

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.

Sincerely,

/s/

Daniel P. Schultz
Regional Inspector General for Audit

Attachments

Attachment 1: Acronyms, Abbreviations, and Short Forms Used in This Report

ACGR	Adjusted Cohort Graduation Rate
ALSDE	Alabama State Department of Education
AOD	Alabama Occupational Diploma
Birmingham	Birmingham City Schools
C.F.R.	Code of Federal Regulations
Department	U.S. Department of Education
ESSA	Every Student Succeeds Act
GED	General Educational Development credential
LEA	Local Educational Agency
Mobile	Mobile County Public School System
SY	School Year
Uniform Guidance	Title 2 C.F.R. Part 200

Attachment 2: ALSDE's Comments on the Draft Report

STATE OF ALABAMA
DEPARTMENT OF EDUCATION

Michael Sentance, J.D., LL.M.
State Superintendent of Education

Alabama State Board of Education

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Michael Sentance, J.D., LL.M.
Secretary and
Executive Officer

May 2, 2017

Mr. Daniel P. Schultz
Regional Inspector General for Audit
U.S. Department of Education
Office of Inspector General
32 Old Slip, 26th Floor
New York, NY 10005

Dear Mr. Schultz:

RE: Control Number ED-OIG/A02P0010

On behalf of the Alabama State Department of Education (ALSDE), we appreciate the opportunity to respond to the draft audit report, "Calculating and Reporting Graduation Rates in Alabama with Control Number ED-OIG/A02P0010." The ALSDE concurs with the findings and recommendations.

One correction is requested on Page 3 of 19 under the subcategory "Selected LEAs," the ALSDE had 135 LEAs in SY 2013-2014.

As a result of our concurrence, we offer the attachment as a description for our corrective actions and those we plan to make.

Please send any correspondence to me with a copy to Dr. Dee O. Fowler, Chief of Staff, Alabama State Department of Education, P. O. Box 302101, Montgomery, AL 36130-2101. Should you have questions, please contact Dr. Tony Thacker, by telephone at 334-242-4515 or by e-mail at tthacker@alsde.edu.

Sincerely,

Michael Sentance
State Superintendent of Education

MS/ML/KM

Attachment

cc: Dr. Dee O. Fowler
Dr. Barbara J. Cooper
Dr. Tony Thacker
Dr. Marilyn Lewis

State Department of Education
May 2, 2017

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
1.1	Develop and implement a process, such as a risk-based monitoring tool, to monitor the LEAs' systems of internal control and processes performed throughout the cohort period to ensure that the data they submit to the ALSDE are accurate and complete, students are counted in the right cohort, and LEAs maintain documentation supporting student removal from a cohort.	• Revise the Compliance Monitoring process, to include a risk-based indicator to monitor the LEAs' systems of internal control and processes performed throughout the cohort period to ensure that the data submitted to ALSDE are accurate and complete.	• Staff from the following ALSDE areas - • Counseling and Guidance • Instructional Services • Prevention and Support Services • Special Education Services	• June 2017
		• Have the ALSDE's Information Systems develop and maintain a Student Data Application that houses transcript information to include courses, credits earned, and grade-levels by year.	• Information Systems	• July 2017 for all cohorts (2017, 2018, 2019, 2020, and 2021) Forward
		• Utilize a revised Transcript Audit form (sample attached) to review students' transcripts in the Student Data Application.	• Staff from the following ALSDE areas - • Counseling and Guidance • Instructional Services • Prevention and Support Services • Special Education Services	• September 2017

State Department of Education
May 2, 2017

		• With the End-of-Year requirements, have LEAs certify to the ALSDE they retained receipt of all student changes to the student management system (INOW) and request made in the Cohort Application.	• Staff from the following ALSDE areas - • Information Systems • Prevention and Support Services (PSS) • PSS will create a LEA manual certification process to the ALSDE they retained receipt of all student changes to the student management system (INOW) and request made in the Cohort Application.	• June 2018 Forward • June 2017

State Department of Education
May 2, 2017

ALABAMA STATE DEPARTMENT OF EDUCATION
COMPLIANCE MONITORING
TRANSCRIPT AUDIT

Name: _____ School: _____ Grade: _____

Total Number of Credits Required by LEA: _____ First-time 9th Grade Year: _____

Cohort Completion Year: _____

ENGLISH (4 CR)		MATHEMATICS (4 CR)		SOCIAL STUDIES (4 CR)		SCIENCE (4 CR)	
English 9		Algebra I		**World History**		**Biology**	
English 10		Geometry		**US History 10**		**Physical Science**	
English 11		Algebra II		**US History 11**		**Chemistry**	
English 12		Algebra II with Trig		**US Government/Econ**		**Physics**	
		Algebra with Finance				**Environmental Science**	
		Algebraic Connections				**Anatomy/Physiology**	
		Analytical Math					
		Pre-Calculus					
		Calculus					
PHYSICAL ED (1 CR)		**ELECTIVES**					
Life PE		Career Preparedness **(Meets Online Experience Requirement)**					
HEALTH (1/2 CR)							
Health							

Notes:

Completed by: _____ Date: _____

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
1.2	Develop and implement written policies and procedures for the ALSDE staff for reviewing requests for manual adjustments in the Cohort Application, including requiring appropriate levels of review.	• Create written protocols/ procedures for a tiered process of manual review (attached). o Identify ALSDE specialist and administrators who will review and update LEA manual submissions. o Identify ALSDE staff who will review and supervise the work of the specialist and administrators. This person or group will not be allowed to update LEA manual submissions. o Train ALSDE staff on the procedures and processes annually and as needed.	• Staff from the following ALSDE areas - • Senior Leadership • Research and Development • Information Systems • Prevention and Support Services	• April 2017 Forward

Alabama State Department of Education

Public Data Release Process

Data Owner Responsibilities

1. Ensures that IT has been provided with accurate and comprehensive business rules for pulling data as well as work with IT to establish validation checks.
2. Confirms that the data pulled matches business rules provided.
3. Determines if LEAs input is vital. If needed, the data owner will provide opportunities for LEA input via a portal (e.g. Cohort, CCR) and a memorandum announcing the window for updates will be sent to all superintendents and all principals from the State Superintendent or the Chief of Staff. If a portal is not utilized, an email to LEAs providing the link to their data and a window for providing updates will suffice.
4. Upon close of update window, changes to data set are finalized and the data-owner certifies completion of updates.
5. LEAs will be notified that they have three weeks (15 business days) to review the final dataset and either submit questions to the data owner or sign off on the dataset. Should an LEA not provide input at this point, it will be deemed as acceptance of the dataset.
6. The data owner will communicate to the Assistant State Superintendent, Evaluation and Innovation, who convenes meeting with data owner(s) and responsible IT personnel to ensure business rules and data provided in response to those business rules is correct and accurate.

Assistant State Superintendent Responsibilities

7. The data owner will communicate to the Assistant State Superintendent, Evaluation and Innovation, who convenes meeting with data owner(s) and responsible IT personnel to ensure business rules and data provided in response to those business rules is correct and accurate.
8. The Assistant State Superintendent/Evaluation and Innovation becomes the gatekeeper and responsible party for the data set.
9. The Assistant State Superintendent/Evaluation and Innovation apprises the State Superintendent, Chief of Staff, and Chief Academic Officer that the dataset has been determined to be accurate and the three executive instructional leaders determine the time and method of release.

State Department of Education
May 2, 2017

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
1.3	Establish LEA accountability over ACGR data quality through the use of LEA certifications regarding the effectiveness of its systems of internal control and the accuracy and completeness of data submitted to the ALSDE.	• With the End-of-Year requirements, have LEAs certify to the ALSDE the effectiveness of its systems of internal control and the accuracy and completeness of data submitted to the ALSDE (statement attached).	• PSS will submit a change request to Power School, owners of the student management system (INOW), to add an automated certification process for LEAs. • PSS will create a LEA manual certification process to the ALSDE they retained receipt of all student changes to the student management system (INOW) and request made in the Cohort Application.	• June 2018 Forward • June 2017

The LEA certification statement for submission of data to the ALSDE:

> By submitting this information, I certify to the best of my knowledge and belief that the information contained herein is true, complete, and accurate and has been collected in the manner and at the time required under applicable law. I also certify that I am the individual or designated approving authority responsible for submitting the information contained herein. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may lead to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise.
>
> I further certify to the best of my knowledge and belief that our system of internal controls is effective and working as intended.

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
1.4	Perform a review of its current cohorts that have not been reported to the Department to gain assurance in the completeness of the cohorts, and that students are assigned to the correct cohort.	• Have the ALSDE's Information Systems develop and maintain a Student Data Application that houses transcript information to include courses, credits earned, and grade-levels by year.	• Information Systems	• July 2017
		• Utilize a revised Transcript Audit form (sample attached) to review students' transcripts in the Student Data Application.	• Staff from the following ALSDE areas - • Counseling and Guidance • Instructional Services • Prevention and Support Services • Special Education Services	• July 2017 for all cohorts (2017, 2018, 2019, 2020, and 2021) Forward

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
2.1	Remove AOD/Essentials/Life Skills Pathway graduates from the ACGR until it can be shown that the program is fully aligned with the Alabama standard diploma academic requirements.	• Include students whose coursework was fully aligned to the state's core academic content standards in the ACGR for the state, local education agencies and local high schools. Links to MEMOs and they are attached: http://www.alsde.edu/sites/memos/Memoranda/FY17-2040.pdf • http://www.alsde.edu/sites/memos/Memoranda/FY17-2049.pdf • http://www.alsde.edu/sites/memos/Memoranda/FY17-2059.pdf	• Staff from the following ALSDE areas - • Counseling and Guidance • Instructional Services • Prevention and Support Services • Special Education Services	• January 2017, March 2017 and April 2017 Completed and forward

STATE OF ALABAMA
DEPARTMENT OF EDUCATION

Michael Sentance, J.D., LL.M.
State Superintendent of Education

Alabama State Board of Education

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Ella B. Bell District V

Cynthia McCarty, Ph.D. District VI

Jeff Newman District VII

Mary Scott Hunter, J.D. District VIII President Pro Tem

Michael Sentance, J.D., LL.M. Secretary and Executive Officer

January 30, 2017

MEMORANDUM

TO: City and County Superintendents of Education

FROM Michael Sentance MS
State Superintendent of Education

RE: Calculating the U.S. Department of Education 2016 Four-Year Cohort Graduation Rate

The U. S. Department of Education (USDOE) Non-Regulatory Guidance for the High School Graduation Rate (2008) provides the following definition for a regular high school diploma.

Under 34 C.F.R. §200.19(b)(1)(iv), a "regular high school diploma" means the standard high school diploma awarded to students in a state that is fully aligned with the state's academic content standards and does not include a GED credential, certificate of attendance, or any alternative award. The term "regular high school diploma" also includes a "higher diploma" that is awarded to students who complete requirements above and beyond what is required for a regular diploma.

As a result of the above definition, the Alabama State Department of Education (ALSDE) will calculate the Four-Year Graduation Rate for the state, local education agency (LEA), and local high schools utilizing this definition.

I am writing to inform you that only students who completed the course requirements for a regular/standard diploma fully aligned with the state's academic standards will count in the USDOE 2016 Graduation Rate for Alabama. Students who took and/or followed the Essential Skills/Courses Pathway, (disabled and non-disabled), the Alternate Assessment Standards (AAS) Pathway, and the Alabama Occupational Diploma (AOD) will not count as graduates in the USDOE Graduation Rate because these courses were not "fully" aligned to Alabama's academic standards.

The ALSDE is working to ensure that accurate and reliable data are being used to calculate the state's Four-Year Cohort Graduation Rate.

Please contact Dr. Marilyn Lewis at 334-242-8165 or by e-mail at mlewis@alsde.edu should you need clarification or have questions.

MS/ML/KM

cc: Dr. Dee O. Fowler
Dr. Barbara J. Cooper
Dr. Linda Felton-Smith

FY17-2040

STATE OF ALABAMA
DEPARTMENT OF EDUCATION

Michael Sentance, J.D., LL.M.
State Superintendent of Education

Alabama State Board of Education

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Cynthia McCarty, Ph.D.
District VI

Jeff Newman
District VII

Mary Scott Hunter, J.D.
District VIII
President Pro Tem

Michael Sentance, J.D., LL.M.
Secretary and
Executive Officer

March 7, 2017

MEMORANDUM

TO: City and County Superintendents of Education

FROM: Michael Sentance
State Superintendent of Education

RE: Updated Graduation Information

As we approach May 2017 graduation, the Alabama State Department of Education (ALSDE) would like to provide some important graduation information updates.

All students who meet the credit, exit, or graduation requirements for May 2017 will receive an Alabama High School Diploma. However, only students whose coursework was fully aligned to the state's core academic content standards will count in calculating the U.S. Department of Education (USDOE) 2017 Four-Year Cohort Graduation Rate for the state, local education agency (LEA), and local high schools.

A Chalkable Winter Release Request has been submitted to change the May 2017 exit category choices. The updated choices are listed below:

Graduate	Alabama High School Diploma
Non-Graduate	Essentials/Life Skills Pathway
Non-Graduate	Alternate Achievement Standards (AAS) Pathway
Non-Graduate	Exited with a document other than a diploma (Special Education)
Non-Graduate	Exited with a document other than a diploma or completed GED
Non-Graduate	Retained in 12th Grade (Special Education only)
Non-Graduate	Failed to complete all credit requirements/remain in cohort

Beginning with the 2017-2018 school year, only students with disabilities who have an approved and signed Individualized Education Plan (IEP) will be eligible to be enrolled in Essentials/Life Skills Pathway and the Alternate Achievement Standards (AAS) Pathway courses.

Thank you for all you do in support of student success. Should you need clarification or have questions, please contact Dr. Marilyn Lewis at (334) 242-8165 or via e-mail at mlewis@alsde.edu.

MS/ML/LM

cc: Dr. Dee O. Fowler
Dr. Barbara J. Cooper
Dr. Linda Felton-Smith
Mrs. Shanthia M. Washington
Dr. Marilyn Lewis
Mrs. Robin A. Nelson

FY17-2049

Gordon Persons Building • P.O. Box 302101 • Montgomery, Alabama 36130-2101 • Telephone (334) 242-9700 • Fax (334) 242-9708 • Web site: www.alsde.edu

STATE OF ALABAMA
DEPARTMENT OF EDUCATION

Michael Sentance, J.D., LL.M.
State Superintendent of Education

Alabama State Board of Education

Governor Kay Ivey
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Jeff Newman
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Mary Scott Hunter, J.D.
District VIII
President Pro Tem

Michael Sentance, J.D., LL.M.
Secretary and
Executive Officer

April 14, 2017

MEMORANDUM

TO: City and County Superintendents of Education

FROM: Michael Sentance
State Superintendent of Education

SUBJECT: *Individuals with Disabilities Education Act* Guidance for Students With Disabilities Graduating in May 2017

Currently, students with disabilities who have an Individualized Education Program (IEP) have three pathways that lead to an Alabama High School Diploma (AHSD). The pathways are the General Education Pathway, Essentials Pathway, and Alternate Achievement Standards (AAS) Pathway. Therefore, all students who meet the graduation requirements for their selected pathway will receive an AHSD.

Students with disabilities who completed all coursework on the General Education Pathway and who met all graduation requirements will earn and be awarded an AHSD. These students will count as graduates in the Four-Year Adjusted Cohort Graduation Rate

Students with disabilities who have an IEP and took coursework on the Essentials Pathway and on the Alternate Achievement Standards (AAS) Pathway that will exit in May 2017, will receive an AHSD. However, any student with an IEP who took a core curriculum course under these pathways will not be counted to the U.S. Department of Education as a graduate in the Four-Year Adjusted Cohort Graduation Rate. Those students are considered "non-graduates" as opposed to graduates or dropouts. They do not count in the school/school system drop-out rate.

For students who complete the General Education Pathway coursework, his/her AHSD is considered a regular diploma, as they have completed all the same requirements/contents as a student without a disability. Therefore, the student's right to a Free Appropriate Public Education (FAPE) ceases upon completion of this pathway. Students who complete the AHSD through the Essentials Pathway or the Alternate Achievement Standards Pathway may participate in graduation ceremonies and activities with nondisabled, age-appropriate peers and then continue to receive a FAPE until he/she exits school or attains the age of 21, as these two pathways are not fully aligned with the Alabama Courses of Study. As stated

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previously, local education agencies are encouraged not to issue the AHSD until the student is truly ready to exit.

The Special Education Services (SES) staff is currently reviewing the entire SES Section of Chapter 290-8-9 of the *Alabama Administrative Code* (AAC) to determine what updates are needed to comply with current guidance. The SES staff is also exploring the Alternate Diploma option that the *Every Student Succeeds Act* allows.

For further information, please contact Ms. Cindy Augustine by e-mail at caugustine@alsde.edu or by telephone at 334-242-8114.

MS/CA/BJ

cc: High School Principals
Special Education Coordinators
School Guidance Counselors
Curriculum Supervisors
Dr. Barbara J. Cooper
Dr. Linda Felton-Smith
Dr. Marilyn Lewis
Ms. Crystal Richardson

FY17-2059

ALABAMA DEPARTMENT OF EDUCATION
FOUR-YEAR ADJUSTED GRADUATION RATE
CORRECTIVE ACTION PLAN FOR RECOMMENDATION

	Recommendation	Activities	Responsible Person(s)	Targeted Timeline
2.2	Disclose to the Department known data limitations for the ALSDE's ACGR data for SYs 2010-11 through 2013-14 noting that the data are unreliable, and include an annotation where data are reported to the public.	• Submit a letter to the USDOE disclosing the ALSDE's ACGR data for SYs 2010-11 through 2013-14 are unreliable.	• Senior leadership	• June 2017
		• Include an annotation where data are reported to the public for SYs 2010-11 through 2013-14 ACGR data are unreliable.	• Staff from the following ALSDE areas - • Instructional Services • Prevention and Support Services	• Immediately following the above timeline