



Washington State Auditor's Office

Troy Kelley

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Special Report

Alternative Learning Experience

Lake Washington School District No. 414

King County

For the period September 1, 2012 through August 31, 2013

Published December 11, 2014

Report No. 1013116





Washington State Auditor

Troy Kelley

December 11, 2014

Board of Directors
Lake Washington School District No. 414
Redmond, Washington

Report on Alternative Learning Experience

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the District's compliance with alternative learning experience enrollment reporting rules. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR

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AUDIT SUMMARY

Results in brief

In most areas we audited, District operations complied with state laws and regulations and its own policies and procedures regarding Alternative Learning Experience (ALE) enrollment. For the year ending August 31, 2013 the District received approximately \$119.8 million in combined enrollment and staff mix funding; approximately \$600,000 of this was related to its ALE programs.

However, we identified areas in which the District could make improvements.

- **Graduation Standards** – We recommend the District report direct student-teacher contact time for culminating projects as ancillary services on the Office of Superintendent of Public Instruction form P240.

This recommendation was included in our report as a finding.

About alternative learning experience programs

ALE programs are a form of basic K-12 public school education in Washington State. While students in traditional basic education attend classes on campus and have face-to-face contact with teachers and other staff, ALE students may spend most, or even all, of their time outside of a regular classroom setting.

Districts may build Internet-based educational programs that enroll students from anywhere in the state. Besides Internet programs, ALE can be accomplished through a contract between a student and district instructors, or through a parent-partner program in which parents participate in the design and teaching of the student's courses. These programs are different from homeschooling in that students remain part of the public school system and districts claiming funding are responsible for supervision, monitoring, assessing and evaluating the student's education.

Districts may count ALE students for funding when they report enrollment to the Office of Superintendent of Public Instruction (OSPI). In order to claim ALE students for funding, ALE programs must satisfy OSPI's requirement for courses of study leading to a high school diploma. Districts must: prepare detailed plans for each student, maintain regular contact with students, and evaluate student progress on a monthly basis. Districts must also keep detailed records to show they have met all of these requirements. During the audit period from September 1, 2012 through August 31, 2013 the ALE funding provided by OSPI was reduced to 80 percent or 90 percent of the traditional basic education allocation rate based on the District's student-instructor contact time.

For the year ending August 31, 2013, the District received approximately \$119.8 million in combined enrollment and staff mix funding; approximately \$600,000 of this was related to its ALE programs. During the period under review, the District operated two ALE programs, which accounted for 0.6 percent of its total basic student enrollment:

- Emerson K-12: Emerson K-12 is a parent-partner program serving students in grades kindergarten through 12th. Students are onsite one or two days a week. This program has operated for 14 years and nonresident students represent 16.6 percent of students reported for funding. The program reported 100 percent of students at the 90 percent basic education allocation (BEA) funding rate.
- Graduation Standards: Graduation Standards is a program designed for full-time running start students to complete their culminating project and/or district required level five essays. Nonresident students represent zero percent of the students reported for funding. The program reported zero percent of students at the 90 percent BEA funding rate.

About the audit

In 2013 the state Legislature passed ESSB 5946, requiring school districts to receive biennial audits of their ALE program. This report contains the results of our independent audit of ALE enrollment at Lake Washington School District No. 414 from September 1, 2012 through August 31, 2013.

Management is responsible for ensuring compliance with applicable ALE requirements. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the District's compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters, with regard to its ALE program.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

- 1. Lake Washington School District reported the time high school instructors spent with full-time running start students as part-time ALE enrollment rather than ancillary services, resulting in over-funding of approximately \$119,000.**

Background

Alternative Learning Experience (ALE) is an individualized course of study that school districts may claim for basic education funding. The Office of Superintendent of Public Instruction (OSPI) establishes the rules and provides instructions on ALE enrollment reporting for state funding.

OSPI guidance states the direct contact time teachers spend with students for culminating projects on a “time as needed” basis does not qualify for funding as part-time students on form P223, but should be reported as ancillary services on form P240.

Description of Condition

In the 2013 school year, the District received approximately \$120 million based on student enrollment and the education and experience of its teachers. Of this amount, it reported that ALE enrollment generated approximately \$600,000.

The District reported 221 students in a program called “Graduation Standards” for funding as an ALE program. The purpose of the program is to allow full-time running start students to complete the essays and culminating projects required to obtain their high school diplomas. Although the students are working toward obtaining a high school diploma (running start classes generate both college and high school credits simultaneously), the ALE plan for the culminating project does not generate credit. ALE courses must meet the requirements in Washington Administrative Code (WAC 392-410), which includes generating credits toward a high school diploma. OSPI guidance states that time for culminating projects not regularly scheduled should be reported as ancillary services.

In addition, state regulations for ALE programs require the District to obtain a signed statement of understanding from each parent within the first 30 days of enrollment. The District did not obtain these signed statements from parents certifying they understood the difference between ALE and home-based instruction. Without these statements, the District may only report the students for the first 30 days enrolled.

Cause of Condition

District personnel were using ALE rules to count the hours students spent outside of class for culminating project and graduation standards essays when they should have been using ancillary services reporting for full-time running start students.

Effect of Condition

We determined the District over reported 30.29 average annual full-time equivalent students at the 80 percent differentiated funding level, resulting in an overfunding to the District of approximately \$119,000.

Recommendation

We recommend the District:

- Report direct student-teacher contact time for culminating projects as ancillary services on OPSI form P240.
- Obtain signed parental statements of understanding for all ALE students.
- Work with OSPI to determine repayment to the state.

District's Response

The District concurs with the finding related to ALE reporting. The District has taken corrective action. The 2013-2014 ALE enrollment reporting was corrected and resubmitted.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit.

Applicable Laws and Regulations

WAC 392-121-107 Definition – Course of study, states in part:

(1)(e) Ancillary services - any co-curricular service or activity, any health care service or activity, and any other services or activities, for or in which enrolled students are served by appropriate school district staff. The term shall include but not be limited to

WAC 392-121-182 Alternative learning experience requirements, states in part:

(6)(j)(i) A school district that provides one or more alternative learning experiences to a student must provide the parent(s) of the student, prior to the student's enrollment, with a description of the difference between home-based instruction pursuant to chapter 28A.200 RCW and the enrollment option

selected by the student. The parent must sign documentation attesting to his or her understanding of the difference. Such documentation must be retained by the district and made available for audit.

(ii) In the event a school district cannot locate a student's parent within three days of a student's request for enrollment in an alternative learning experience, the school district may enroll the student for a conditional period of no longer than thirty calendar days. The student must be disenrolled from the alternative learning experience if the school district does not obtain the documentation required under this subsection before the end of the thirty day conditional enrollment period.

WAC 392-410, Course of study and equivalencies, states in part

(4) In addition to the requirements in the above subsections, each such school district shall offer all required courses for a high school diploma as provided in chapter 180-51 WAC and shall provide an opportunity for high school students to take at least one course in the following areas of study:

- (a) Art;
- (b) Career education;
- (c) Computer education;
- (d) Consumer education;
- (e) Economics;
- (f) A language other than English which may include American Indian languages;
- (g) Health education;
- (h) Home and family life;
- (i) Music;
- (j) Remedial education, including at least, remedial education in reading, language arts, and mathematics.

INFORMATION ABOUT THE DISTRICT

Lake Washington School District No. 414 serves more than 25,000 students from preschool through 12th grade in east King County. It encompasses 76 square miles and serves the cities of Kirkland and Redmond and parts of Sammamish, Bothell and Woodinville. The District operates nine high schools, 13 middle schools and 31 elementary schools. Included in these numbers are 13 choice schools (optional schooling alternatives) whose grade levels can vary.

An elected, five-member Board of Directors governs the District. The Board appoints management to oversee the District's daily operations as well as its approximately 2,800 employees. For fiscal year 2013, the District operated on a budget of approximately \$233 million.

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Audit history

You can find current and past audit reports for the District at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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