Overview Report
on Audits of the
School Readiness Program

SCHOOL READINESS PROGRAM MAKES PROGRESS,
BUT STRONGER PARTNERSHIP GUIDANCE AND
INTERNAL CONTROLS ARE NEEDED

January 2004

Summary
The School Readiness Program's potential is beginning to be realized at the local level, but a lack of statewide guidance on policy and fiscal issues by the Florida Partnership for School Readiness (Partnership) is hindering this progress. The Partnership has made progress in some program areas, but has not clarified major policy issues, has not exerted sufficient control over the program's financial management, and needs to significantly improve its responsiveness in providing guidance to local School Readiness Coalitions.

If the Partnership resolves these policy and fiscal guidance issues, the School Readiness Program could provide an effective structure for implementing the Universal Pre-K Program recommended by the State Board of Education. In addition, several operational, financial, and organizational aspects of the program should be changed to improve its efficiency and effectiveness.

Scope and Purpose
This overview report summarizes the results of audits of the School Readiness Program conducted by the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Auditor General (AG). These audits were conducted as directed by Ch. 2003-93, Laws of Florida. The two offices coordinated their field work in conducting the audits. To assist the reader in locating the detailed comments in the specific audit reports, AG or OPPAGA (or both) are referenced after each summarized finding. These reports can be located on the applicable Web sites: http://www.oppaga.state.fl.us/ and http://www.state.fl.us/audgen.

Background
The School Readiness Program is composed of a diverse group of state and local participants who are charged with bringing together various early education and child care programs into a unified School Readiness Program. The 1999 School Readiness Act consolidated early education programs to create a more cohesive, efficient, and integrated School Readiness system and increase children's chances of achieving future educational success and becoming productive members of society. The legislation established a state-level governing board known as the Florida Partnership for School Readiness (the Partnership) to coordinate statewide program efforts and county-level School Readiness Coalitions to plan, implement and administer program services locally.

Although the School Readiness Act integrated individual programs into one School Readiness Program, the local structure for implementing the program through coalitions, private providers, and school districts is decentralized and driven by the needs of the local communities. The diverse nature of this program and its decentralized structure makes it critical that there is a strong state-level authority providing guidance to the local coalitions.

Summarized Findings

Program progress is being made but is hindered by inadequate Partnership guidance and operational and financial management weaknesses.

The School Readiness Program has made progress over the past two years but substantial issues remain. The Partnership has taken steps to address several key program issues and local coalitions are beginning to make meaningful progress implementing key program elements. Significant improvement is needed in the guidance provided by the Partnership and in the program’s operational and financial management.

The Florida Partnership for School Readiness made progress in implementing the program, but improvements are needed. The Partnership has implemented several of the key program elements required by law and has taken steps to address problems identified in OPPAGA’s 2002 report. However, improvements are still needed for some key program elements.

- The Partnership has improved its process for centralizing program funding and all local coalitions now administer program funding that enhances the coalitions’ abilities to manage program activities. (OPPAGA)
- The Partnership has developed a new funding formula for coalitions that will provide an improved manner of distributing funding, if implemented. The new formula could be improved by taking into consideration the differences in cost of living among coalition service areas and recognizing the differing costs to serve the varying types and ages of children participating in the program. (AG and OPPAGA)
- The Partnership has adopted rules relating to program definitions, eligibility, and waiting list procedures; however, more rules are needed to provide guidance to local coalitions. (AG and OPPAGA)
- The Partnership has strengthened its process to review coalition plans, but the quality of some plans and the Partnership’s procedures for tracking plan approval need to be improved. (AG and OPPAGA)
- The Partnership has taken steps to improve the administrative efficiency and viability of smaller coalitions through its Coalitions Coming Together initiative that has created incentives for coalitions to share services and/or form multi-county coalitions. (OPPAGA)
- The Partnership has implemented a simplified point of entry system that provides parents/legal guardians with a single Web site where they can obtain information on the School Readiness Program and apply for this program and Head Start via the internet. However, these benefits are limited because some coalitions use their own systems and do not use the simplified point of entry system. (OPPAGA)
- The program’s outcomes and effectiveness cannot yet be determined because the Partnership has not yet implemented a uniform system to assess children’s school readiness. The Partnership has developed the School Readiness Uniform Screening System (SRUSS), but it is not being implemented uniformly across the state, does not address all readiness performance standards or statutory expectations, and does not provide a single score that assesses a child’s readiness for school. (AG and OPPAGA)

The Partnership has not clarified major policy issues or provided adequate technical assistance or monitoring to local coalitions. Although the Partnership is responsible for statewide policy direction for the program, it has left some critical issues unresolved and its technical assistance services have not met local coalition needs. As a result, coalitions are unsure how to implement critical aspects of the program and have difficulty obtaining timely answers to questions regarding programmatic issues. This lack of statewide guidance has also contributed to the coalitions’ noncompliance with voucher agreements, parent fee requirements, data collection and reporting mandates, and restrictions on program expenditures. (AG and OPPAGA)

A major problem is that the Partnership has not clarified policy regarding whether coalitions can require all program providers to use a developmentally appropriate curriculum. The Partnership’s failure to clarify this issue raises the risk that coalitions may violate federal requirements governing parental choice of providers and hinders coalitions in their ability to work with providers to ensure that children receive appropriate School Readiness instruction. (AG and OPPAGA)

The Partnership needs to significantly improve its technical assistance services to local coalitions. Over half of the coalition members responding to OPPAGA’s survey reported that the lack of clear and consistent guidance from the Partnership was a significant barrier to program implementation and 37% reported that it was the most troublesome barrier the coalitions faced. (OPPAGA)

Major financial management and operational issues need to be resolved to ensure that program resources are properly identified, acquired, safeguarded, and utilized. Weaknesses in the program’s financial management have led to the inefficient use of resources as discussed below.
The Partnership had not established adequate internal controls for reconciling the Statewide Reporting System to FLAIR, confirming proper eligibility determinations, and ensuring proper expenditure of federal and state funds. (AG)

During the 2001-02 fiscal year, the Partnership reverted $21 million in federal matching funds awarded October 1, 2000, because it had not fully utilized General Revenue expenditures and expenditures of Child Care Executive Partnership Program donations and local cash donations for state matching requirements. (AG)

As of June 30, 2003, the Department of Children and Family Services (DCFS) still retained in excess of $14 million within the Child Care Development Trust Fund although state law had transferred the fund from DCFS to AWI effective July 1, 2001. (AG)

A determination could not be made as to whether coalitions were operating within the 5% cap on administrative costs as these expenditures were not captured as administrative costs because of the central agency reporting structure and Partnership guidance for the 2002-03 fiscal year. (AG)

The Partnership’s Child Care Management System contained inaccurate data due to decentralized and inconsistent procedures and ineligible children may have been served. (AG)

Coalitions did not use one statewide data system (5 of the 50 coalitions use local systems rather than the one developed by the Partnership) resulting in inconsistent reporting practices and inefficient use of School Readiness Program funds. (AG)

State law requires the Partnership to annually distribute the School Readiness Program funds as block grants to the coalitions. The Partnership’s funding mechanism for local coalitions evolved from contractual agreements to funding agreements to grant awards. We believe that the approach taken was a prudent management decision. The Partnership, through statutory revision, should seek alternatives in the manner in which the funds are distributed until the findings related to data reporting and coalition operational, accountability, and compliance issues are fully resolved. (AG)

Coalitions did not submit required 2002 annual reports or fiscal statements to the Partnership because the Partnership did not develop the content and format specifications for coalitions to use in preparing the reports. In addition, the Partnership did not include an analysis of coalition reports in the Partnership annual report, contrary to law. (AG)

The Partnership’s budget request for 2003-04 did not clearly delineate expenditures for School Readiness and school-age child care. Twenty-six percent of program expenditures were used to serve school-age children. (AG)

The Partnership did not effectively manage federal quality dollars and earmarks designed to improve the quality of services to children. (AG)

The Partnership’s contracting process was inadequate in that federal award information was not always included in subrecipient contracts and the Partnership failed to timely execute an interagency agreement with AWI. (AG)

Local coalitions have made progress implementing the program over the past two years. The coalitions are now addressing more required program elements and are beginning to transform what used to be a child care system into a coordinated School Readiness Program. However, more progress is needed to fully meet the program’s intent. Most coalitions (37 of 50) have made mixed progress in addressing five essential program elements. Nine coalitions have made significant progress in addressing all five of the program elements we reviewed. Conversely, four coalitions have made only minimal overall progress. (OPPAGA)

Overall, coalitions have made the most progress in coordinating eligibility determination and service intake processes to establish a single point of entry. Coalitions have made the least progress in ensuring that providers use a developmentally appropriate curriculum. Many coalitions believe that they lack the authority to mandate that providers use a developmentally appropriate curriculum, which may partially account for the weak performance in this area. In addition, coalitions have strengthened oversight at the local level and have, in some instances, reduced costs and improved services. (OPPAGA)

However, some coalitions that are making progress implementing the program often still need to address operational and financial issues. For example, one coalition that has made strong progress implementing key program elements also has numerous compliance and financial deficiencies. (AG and OPPAGA)

Several aspects of program operations are problematic at the coalition level. Our site visits, interviews, analysis of documents, and surveys identified several recurring issues that are problematic for coalitions and affect their ability to implement the School Readiness Program at the local level. These issues are noted below.

- Some coalitions have not served the required minimum number of children and more than half of the coalitions did not meet the minimum required by the 2002-03 fiscal year funding agreements. (AG)
- Some school districts have opted to drop out of the program, and coalition relationships with central
agencies have been problematic in some areas. (OPPAGA)

- The current system for reimbursing providers based on a child’s documented attendance rather than enrollment is perceived as inefficient and serves as a disincentive for providers to accept School Readiness children. (OPPAGA)

- Some coalitions had not established adequate internal controls for the competitive procurement process, disbursing program funds, reconciling bank statements, and safeguarding tangible personal property. (AG)

- Confusion about the client groups that coalitions must serve and the volatile nature of program enrollments have led to year-end budget deficits and disenrollment of children in some coalitions. (AG and OPPAGA)

- Coalitions indicated that their ability to improve program services is constrained because they lack authority to create incentive funding systems that would reimburse providers based on staff qualifications, monitoring results, children’s outcomes on age-appropriate assessments, or adult-to-child staffing ratios. (OPPAGA)

- The requirement to recertify children’s eligibility for services every six months can result in service disruptions because children can be dropped from services in the middle of the school year if their family income rises above threshold levels and the parents cannot afford to pay for these services. Some coalitions have developed local funding sources to avoid this problem. (OPPAGA)

- Some coalitions are not reimbursing providers at a rate equivalent to 75% of the prevailing market rate as required by federal guidelines and the state may not be able to ensure, by federal standards, that equal access is provided. (AG)

- Some coalitions have implemented reimbursement policies that require parents with children attending school-based programs to pay the full cost of after school care, while parents of children in other coalitions make smaller co-payments based on their ability to pay. (AG and OPPAGA)

The program could implement the Universal Pre-K Program if guidance issues are resolved.

If the state-level policy and fiscal guidance issues are resolved, the School Readiness Program could provide an effective structure for implementing the Universal Pre-K Program recommended by the State Board of Education. (OPPAGA)

The School Readiness system is designed to increase children’s chances of achieving future educational success in school through an integrated approach that builds on existing services and cooperation with other programs for young children. It is a locally governed system that allows for parental choice through a network of different provider types. The local coalition board composition ensures that all the different community stakeholders involved with the care and education of children are represented.

The governance structure recommended by the State Board of Education for the Universal Pre-K Program—to have a diverse provider system to support parent choice and use existing program capacity—can fit within the existing School Readiness organizational structure. Both programs have the same goal of maximizing community partnerships to enhance services to children. In addition, with the passage of the class size amendment, it is critical to use these existing partnerships with business, community, and faith-based organizations and governmental agencies because of limitations on school capacity. These partnerships currently exist for the delivery of School Readiness services.

The School Readiness system already serves many of the same children eligible for Universal Pre-K services utilizing providers that will likely eventually participate in the Universal Pre-K Program. Another benefit to incorporating the two programs is that many of the educational standards developed for Universal Pre-K are based on the same elements found in the School Readiness law. Therefore, it would appear that combining the programs would be mutually beneficial and make efficient use of resources and the existing management structure.

Please address inquiries regarding this report to Jane Fletcher, Staff Director, OPPAGA, via E-mail at Fletcher.Jane@mail.oppaga.state.fl.us or by telephone at (850) 487-9255 or Dorothy R. Gilbert, CPA, Audit Manager, AG, via E-mail at dorothysterilbert@aud.state.fl.us or by telephone at (850) 488-5444.