



Dave Yost • Auditor of State

The State of Ohio, Auditor of State

Report on Community School Student Attendance Counts



Dave Yost • Auditor of State

To the Ohio Board of Education, Superintendent Ross, Office of Community Schools, and Sponsors:

In response to reports of irregular community school attendance and enrollment practices within multiple community schools, the Auditor of State's (AOS) Office completed an unannounced, or "surprise", student head count among a sampling of Ohio's site-based community schools under the authority of Ohio Revised Code Section 117.11.

This report is being provided to the sponsors of the selected community schools and the Ohio Department of Education (ODE). AOS also shared the results of this report with the administrators, principals, treasurers, and management companies of the selected community schools. This report includes a summary of the head count results, explanation of our analysis, and corrective action recommendations for consideration by the sponsors and ODE. The sponsors and ODE are encouraged to use the results of this review as a resource in improving their community school guidance and monitoring processes.

This engagement is not a financial or performance audit, the objectives of which would be vastly different. Therefore, it is not within the scope of this work to conduct a comprehensive and detailed examination of enrollment or Ohio's Foundation funding of community schools. Additionally, certain information included in this report was derived from national charter school organizations, sponsors, ODE, and community school management. More than 30 AOS auditors and/or investigators conducted student attendance counts on Wednesday, October 1, 2014.

Additional copies of this report can be requested by calling the Clerk of the Bureau's office at (614) 466-2310 or toll free at (800) 282-0370. In addition, this report can be accessed online through the AOS website at <http://www.ohioauditor.gov> by choosing the "Audit Search" option.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost".

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January 22, 2015

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1. LIMITATIONS TO AOS METHODOLOGY

A glossary of definitions is provided in section 13 of this report to assist the reader in understanding some common terminology used throughout this report. Due to the nature of a surprise¹ head count, AOS recognizes that there are limitations on the use of the data in this report. Limitations are the shortcomings, conditions or influences that cannot be controlled by AOS that place restrictions on the methodology and conclusions. The following are limitations that might influence AOS results:

- **Site-Based Community Schools versus E-Schools** - Site-based community schools are community schools where at least some of their instruction is provided in a brick-and-mortar facility. Site-based schools are also permitted to have blended learning opportunities under the authority of Ohio Rev. Code §3302.41 and §3301.079 (K)(1), subject to approval by their sponsor. An E-School is an online public school. When enrolled in an E-School, the student receives a computer and online access to the school. While AOS uses other procedures to analyze enrollment for E-schools as part of their annual financial statement audits, AOS chose to select only site-based community schools for its AOS head count since it is logistically more practical to physically observe students attending on a surprise basis.
- **Sample size** – AOS haphazardly² selected 30,³ roughly eight percent, out of 381 community schools for testing. As further discussed above, AOS selected only site-based community schools, without regard to location, academic performance, news media allegations, or type of sponsors. AOS chose to select only 30 community schools based on a number of factors. Most importantly, AOS wanted to ensure it had sufficient manpower and resources to perform the head counts for each community school simultaneously with minimal disruption to the community schools’ students, faculty, and administration.
- **Unannounced Head Count** – AOS intentionally did not provide notice to the community schools or their sponsors about the head count. AOS determined performing the community school head count in this manner ensured the highest degree of integrity and validity in the results. However, in order to ensure the head count remained unexpected, AOS decided not to contact sponsors or ODE for information that might have been useful in planning the head count and assessing the initial results. Since the AOS head count was performed near the beginning of the community schools’ academic school year, the enrollment information publicly available on ODE’s website was limited. As a result, AOS used the July 2014 Full-Time Equivalency (FTE) estimate reported on the fiscal year 2015 Detail Funding Report for Community School/Stem School as the initial reasonableness assessment for each community school. AOS recognizes that the July 2014 FTE estimate is equal to the preceding school year’s final FTE, including students that graduated at the end of that school year. However, the July 2014 FTE estimate represents a valid initial benchmark against which to estimate the potential enrollment for the upcoming school year.

¹ “Surprise” is a term of art used in the auditing profession to describe an event that is planned by the auditor but unannounced to the auditee. The element of surprise adds more validity to the results derived from the auditor’s procedures.

² “Haphazard” is a term of art used in the auditing profession to indicate the auditor selected the sample items without intentional bias to include or exclude certain items in the population. Haphazard selection is permitted for nonstatistical samples when the auditor believes it produces a fairly representative sample.

³ Initially, AOS presented a head count listing of 29 community schools to ODE for review. However, although students from both schools share the same location, ODE notified us that Langston Hughes High School had a separate IRN than George V. Voinovich Reclamation Academy. Therefore, AOS separated the student counts for Langston Hughes High School, resulting in a total of 30 community schools counted by AOS.

It is reasonable to expect that most students enrolled in the previous school year will remain enrolled and in attendance in the next school year.

- **FTE versus Head Counts** - ODE converts the number of community school students to full-time equivalents (FTEs) based on the school's calendar and dates of enrollment. FTE represents that portion of the school year a student was educated, as determined by the number of hours of instruction offered to a student during a school year divided by its total hours of instruction. The sponsor contract dictates the total hours of instruction a community school must provide during a school year. A student who enters at the beginning of a school year and remains enrolled for the full school year will generate an FTE of 1.0. Students who do not remain enrolled for the entire school year or who enter after the start of a school year will have FTE's less than 1.0, reflecting the portion of the school year they were enrolled. Additionally, students that are participating in learning opportunities on a part-time basis will have FTE's less than 1.0. As a result, the number of community school students does not squarely equate to the number of FTEs reported by a community school since some students will have FTE's less than 1.0.
- **Prior Year Annualized FTE** – Community schools receive state Foundation funding year round based upon annualized enrollment under the authority of Ohio Rev. Code §3301.0714. Many schools are not in session during the summer months. Similar to traditional school districts, ODE funds community schools that are out of session during the summer months based upon the final June FTE for the immediately preceding school year. However, unlike traditional school districts, funding for community schools is based upon the schools' monthly reporting of FTE, which is a more efficient process than the traditional school funding model. ODE does not adjust the June FTE data for graduates or other changes in enrollment that might occur after the period is closed. As a result, the estimated FTE that ODE uses to fund schools during the summer months is not an accurate reflection of the school's anticipated enrollment until the school opens for session and enters the enrollment data into ODE's Education Management Information System (EMIS). Depending on the start of the school's first day in session, ODE will adjust the Foundation funding based upon the school's actual reported enrollment. If necessary, ODE will provide additional Foundation funding at this time or place the school on a sliding scale to reduce future Foundation payments and eventually true-up. Therefore, AOS recognized that the July 2014 FTE estimate AOS used for initial comparison to the head count results would be slightly skewed. To account for this, AOS accepted a variance within ten percent⁴ as reasonable without further investigation. AOS then requested September and October 2014 enrollment data from ODE to further analyze those entities with greater than a ten percent variance.
- **Attendance versus Enrollment** – Community schools are funded based on annualized enrollment, not attendance. However, there is an important nexus between student attendance and enrollment for Foundation funding purposes. Students are considered as enrolled in a community school until the last day of attendance due to permissible student withdrawal or closure of the community school. Pursuant to the statutes and rules outlined in Chapter 2 of ODE's EMIS Manual as well as the School Options Enrollment System (SOES) Manual, schools must provide documentation that clearly demonstrates students have participated in learning opportunities, either through attendance or evidence that a student has logged into an online learning system. Students with excused absences remain enrolled and will be funded. Community school students with unexcused absences, however, must be withdrawn upon reaching 105 consecutive hours of non-attendance.
- **Protected Student Information** – While AOS has statutory authority to review protected personally identifiable student information during the course of an audit, AOS chose not to request student names

⁴ Audit risk refers to the risk that an auditor may fail to detect material misstatement either due to error or fraud. The AOS considered a variance of ten percent to be within an acceptable level of audit risk for purposes of this analysis.

from community schools during the course of its head count out of an abundance of caution to protect this information. AOS recognized that student names or Statewide Student Identifier (SSID) numbers would be necessary to investigate irregularities further; however, the purpose of the AOS head count was not to “catch” community schools cheating. Rather, the purpose of the AOS head count was to determine whether the existing system reliably represents attendance and enrollment across the community school platform.

- **Lack of Community School Attendance Policies Collected** – Due to the surprise nature of the count and a desire to minimize the disruption to community schools’ students, faculty, and management, AOS did not request copies of community school attendance policies from management during the course of the AOS head count. However, where it was determined to be necessary, AOS did subsequently discuss community school attendance policies with certain administrators and principals during its comparison of the AOS student head count results to ODE reported enrollment and head count information. The content of those discussions are noted in the body of this report.
- **Availability and Accuracy of School Calendars** – When planning the timing of the surprise AOS head count, AOS reviewed the school calendars available on selected community schools’ websites, where applicable, to ensure classes would be in session on October 1, 2014, and schools were not conducting assessment testing. However, during this process and upon interviewing community school administrators and principals, AOS noted many community schools did not make their school calendars publicly available on their website and/or the calendars were not up to date.
- **Non-validated Data From External Sources** – To complete this report, auditors gathered and assessed data from the selected community schools and conducted interviews with community school administrators, principals, treasurers, management companies, ODE, and sponsors. Data from external sources was not examined for reliability.

2. EXECUTIVE SUMMARY

In response to rising concerns over community school student attendance and enrollment reporting practices, the AOS completed an unannounced student head count among a sampling of 30 Ohio site-based community schools (refer to Section 6 for a listing of the 30 schools selected) to verify the accuracy of the enrollment and attendance data reported by community schools to the Ohio Department of Education (ODE). Refer to Section 3 for more information regarding the selection of community schools and analyses performed.

All community schools must offer a minimum of 920 hours of learning opportunities (i.e., instructional hours) each school year. Attendance at a community school is defined as participation in learning opportunities provided by a community school in accordance with the community school’s sponsor contract.

Site-based schools are permitted to have blended learning opportunities under the authority of Ohio Rev. Code §3302.41 and §3301.079 (K)(1), subject to approval by their sponsor. As defined in Ohio Rev. Code §3301.079 (K)(1), “blended learning” is the delivery of instruction in a combination of time in a supervised, physical location away from home and online delivery where the student has some element of control over time, place, path, or pace of learning. The combination of on-site and online instruction for community schools offering blended learning opportunities increases the risk of noncompliance with enrollment documentation requirements. To comply with the statutes and rules outlined in Chapter 2 of ODE’s EMIS Manual and the SOES Manual, community schools offering blended learning opportunities must carefully document both the physical attendance of students as well as their participation in online learning opportunities as verified by log in records.

Pursuant to Ohio Rev. Code §3301.0714, schools must enter data concerning the enrollment and attendance of their students into EMIS, which ODE recently rewrote and consolidated with SOES. The EMIS and SOES applications are used by schools to enter and review student enrollment and demographic data to form the basis for the flow of funds to community schools and STEM schools. Effective for the 2014-2105 school year, both traditional and community schools began using EMIS as the data entry point for reporting student attendance.⁵

As part of its monitoring efforts, ODE area coordinators conduct FTE reviews to verify the accuracy of the enrollment and attendance data entered by community schools into EMIS. An ODE FTE review team examines enrollment and attendance policies, student enrollment data and the school's procedure for maintaining enrollment and attendance documentation that substantiates whether the FTE reported in EMIS is accurate. The ODE review team compares the source enrollment and attendance data with the EMIS data submitted by the community school for funding and checks for the validity of the individualized educational plans being implemented in the school.

Additionally, the State began to require daily reporting of attendance for all schools as opposed to monthly reporting requirements as in past years. SOES is an EMIS subsystem that allows community schools and traditional public schools to review and verify student enrollment data entered by community schools and traditional schools. Once a student record is entered in EMIS, the resident district has the ability to review the record in SOES. The resident district may challenge the eligibility of the student for funding if there is a perceived error in the student's information. Once a record is flagged by the resident district, the community school must work with the resident district to resolve the discrepancy. If the flag is not resolved, ODE will not fund the student. **However, this "flagging" system of checks and balances was not operational during the months of September through November 2014 due to the EMIS rewrite, increasing the risk of enrollment errors going undetected during this period. As a result, there is an increased risk of error in the amount of Foundation funding for community school students during this period.**

Effective in July 2014, ODE planned to release the first payment (opportunity grant) after a new community school submitted its sponsor assurances and opened for instruction. ODE extracted the student data from EMIS/SOES by midnight on August 22, September 15, or October 15, depending on which month the school was opened for instruction, as the basis of the payment. According to the August 2014 SOES Manual, ODE began Foundation payments for newly opening community schools that primarily serve dropout prevention and recovery students and opened later in the school year when ODE received the sponsor assurances and the school opened for instruction. The enrollment as reported by community schools in EMIS/SOES was the basis ODE used for the monthly Foundation payments. ODE had discretion to begin Foundation payments as early as August for newly opening community schools for which an examination of the sponsor's application process provided clear evidence of exemplary authorizer practice, aligned with the ODE Sponsor Evaluation Review.

Beginning in July 2015, ODE will determine the timing of a *newly opening* community school's first payment upon the rating of its sponsor under the new Sponsor Evaluation System pursuant to the changes authorized in Am. Sub. HB 555 of the 129th General Assembly and modifications in policy made by ODE in the August 2014 edition of the fiscal year 2014 SOES Manual. ODE retains discretion to begin Foundation payments as early as July for newly opening community schools approved by an exemplary sponsor, so long as the contract and required forms are in place, and the sponsor has notified ODE that the community school will open. Community schools approved by sponsors with a rating lower than exemplary will receive the first monthly payment no sooner than September. While these legislative and policy changes will help reduce the risk of loss of state Foundation monies due to a community school's failure to open, AOS believes the State needs legislative reform to strengthen the integrity of community schools and restore the public confidence.

⁵ Prior to ODE's EMIS rewrite, SOES was the data entry point for community schools while traditional schools used EMIS for their data entry.

Recommendations to ODE

Update of Manuals

ODE should update its *EMIS Manual* and *SOES Manual* for the fiscal year 2015 changes ODE made during the EMIS-Rewrite and consolidation of SOES. While ODE provided training to community schools about these changes, **the relevant portions of these manuals remain out of date. As a result, there is an increased risk that community schools may inaccurately report enrollment information.** Going forward, ODE should strive to update its manuals in a timely manner, describing significant changes to EMIS and SOES prior or as close to implementation as possible.

Monthly Reporting of FTE Estimates

ODE should clarify that while state Foundation funding is based upon annualized enrollment, the monthly reporting of student enrollments should be founded upon actual data rather than projections. Financial struggles at newer community schools and lack of public facilities funding lead AOS to believe some community schools may be reporting higher than actual projections of enrollment during the early months of the school year to prevent cash flow problems. Although community school funding is based upon annualized enrollment, community schools should still report accurate monthly enrollment information to ODE. Misrepresentation of enrollment, or even out-right falsification, are improper acts under any circumstances. ODE uses monthly enrollment information as the basis for its Foundation payments to community schools. There is an increased risk of loss of the state's Foundation funding if the community school closes or fails to accurately revise its reported enrollment projections. As a result, the state and citizens of Ohio may never realize or recoup their fair share of this funding.

SOES Flagging System

ODE should carefully review the errors identified by the SOES flagging system for potential errors that may have been present during the months of September through November 2014 due to the lack of monitoring by resident schools, community schools, and ODE during this period. This may necessitate ODE making future adjustments to the schools' remaining Foundation payments for the 2014-2015 school year for erroneous Foundation payments made during these months.

Blended Learning

ODE should provide best practice policies and tools to sponsors that can be used as a guide in developing their curriculum policies and documentation requirements for blended learning models. Additionally, ODE should discourage sponsors from using boilerplate language approval of blended learning in the educational plan of their sponsor contracts with community schools. AOS believes it is critical for a community school to have an in-depth discussion with its sponsor before the community school implements blended learning opportunities in its educational plan. These discussions should include a detailed evaluation by the sponsor of the sufficiency of the curriculum and hours of learning opportunities provided as well as the policies and rules for documenting student attendance and participation in a blended learning environment.

Recommendations for Sponsors

Enrollment Monitoring

Sponsors should actively review, especially near the beginning of the school year but also periodically throughout the year, community school enrollment and student attendance information. Sponsors should conduct onsite FTE reviews, on a surprise basis when warranted, and verify enrollment and attendance information against original source documents contained in the community school's student files.

For community schools offering blended learning opportunities, sponsors should also review login records to determine whether the login hours and documented completion of lesson plans match the daily hours of instruction listed in the sponsor contract educational plan and school's entity profile in EMIS. Additionally, as

further described above in the Recommendations for ODE, sponsors should not delegate the authority to community school management within their educational plans to make decisions about blended learning or other significant changes to their curriculum without prior consultation with and approval from the sponsor.

Conclusion

AOS recommends ODE require the sponsors to review and investigate the schools identified in this report with large or unusual variances between the AOS head count and their reported EMIS enrollment information. This review should include a review of student files to ensure the community school is reporting properly enrolled students in EMIS for Foundation funding purposes. AOS also recommends ODE consider subjecting these community schools to an ODE FTE Review to determine whether the community schools' practices are in compliance with Ohio community school enrollment statutes and rules.

As a result of the experiences gleaned from this project, AOS is reviewing its regular community school financial audit procedures to determine whether there are more effective and cost-efficient analyses or tests that can be performed over a community school's enrollment during the course of an audit.

The Auditor of State's office extends its gratitude to the State Board of Education, the Ohio Department of Education, and the many community schools, management companies, and sponsors throughout the State that supported and cooperated with this review.

3. METHODOLOGY

ODE converts the number of community school students to full-time equivalents (FTE) based on the school's calendar and dates of enrollment. FTE represents that portion of the school year a student was educated, as determined by the number of hours of instruction offered to a student during a school year divided by its total hours of instruction (which a community school must provide during a school year in accordance with its sponsor contract). A student who enters at the beginning of a school year and remains enrolled for the full school year will generate an FTE of 1.0. Students who do not remain enrolled for the entire school year or who enter after the start of a school year will have FTE's less than 1.0, reflecting the portion of the school year they were enrolled. Additionally, students that are participating in learning opportunities on a part-time basis, should have their FTE calculated based on the number of instructional hours the student is enrolled and attending the school, adjusted by the student's percent of time, divided by the number of hours in the school year, and therefore would result in FTE's less than 1.0. For blended learning students, the community school should estimate the student's percent of participation time upon enrollment. The community school should document and follow a procedure to update the student's percent of time element in EMIS periodically based on documented actual hours in comparison with hours estimated to complete the school in order to be on track for full-time status. ODE does not provide additional funding for a community school student with a FTE of greater than 1.0.

Instructional hours in a community school are defined by learning opportunities provided to a student. Pursuant to Ohio Rev. Code §3314.03(A)(23) and Ohio Admin. Code (OAC) §3301-102-02, learning opportunities mean classroom-based or non-classroom-based supervised instructional and educational activities that are defined in the community school's sponsor contract and are: (1) Provided by or supervised by a licensed teacher (2) Goal-oriented, and (3) Certified by a licensed teacher as meeting the criteria established for completing the learning opportunity. Instructional hours in a community school's day include recess and time for changing classes, but not the lunch period.

For students who have withdrawn, the community school must enter the pro-rated hours of enrollment up to the point of withdrawal. The total number of hours are those prorated hours the student actually attended or participated.

Ohio Rev. Code §3317.034(C) requires a community school student's enrollment shall be considered to cease on the date on which any of the following occur:

- (1) The district [community school] receives documentation from a parent terminating enrollment of the student.
- (2) The district [community school] is provided documentation of a student's enrollment in another public or nonpublic school.
- (3) The student fails to participate in learning opportunities and has not received an excused absence for 105 continuous hours. If a student is withdrawn from the district for failure to participate in learning opportunities under division (C)(1)(a)(v) of this section and the district [community school] board determines that the student is truant, the district [community school] shall take the appropriate action required under sections 3321.19 and 3321.191 of the Revised Code.
- (4) The student ceases to participate in learning opportunities provided by the school.

Amid concerns of irregular enrollment and attendance practices among certain community schools, the AOS haphazardly selected a sample of 30 community schools across the state to perform a surprise head count on October 1, 2014 to assess whether the community schools' student attendance was comparable to their reported enrollment.

Upon arriving at each of the community schools, AOS auditors readily obtained permission from community school directors and principals to perform a head count of students in attendance that day, escorted by community school management. AOS did not request student names or Statewide Student Identifier (SSID) numbers to protect the personal identification and confidentiality of students. Instead, AOS strictly counted individual students physically in attendance among the individual classrooms and other locations throughout each community school. Where indicated in section 8 of this report, some community schools also provided AOS documentation supporting absences, tardiness, or blended learning opportunities which might explain variances between the head count and enrollment information the community school reported to ODE.

AOS first compared the results of the actual head counts to the July 2014 FTE estimate reported on the fiscal year 2015 Detail Funding Report for Community School/Stem School for each community school. This report details the estimated enrollment on a FTE basis and the community school's Foundation payment. Recognizing that the number of individual students does not squarely equate to FTE's, AOS accepted a variance of ten (10) percent less than the EMIS reported FTE as reasonable. AOS also accepted any variance where a community school had more students in attendance during the AOS head count than reflected in EMIS as enrolled (on either a FTE or student count basis). AOS assigned these community schools to Category 3, not requiring further review or investigation.

The standard deviation between the actual head counts and the July 2014 FTE estimate reported on the fiscal year 2015 Detail Funding Report for all community schools was 45.5 students. AOS then identified the community schools having differences equal to or greater than two standard deviations (91 students) and subsequently returned to those community schools to interview management concerning the variances. Some community schools provided additional information to AOS during this interview process to help explain their variances. AOS assigned these community schools (i.e., with a variance of more than two standard deviations (91 students) as compared to July 2014 FTE estimates) to Category 1, requiring further investigation and possible referral to ODE and sponsors.

AOS sent a letter to the remaining community schools, and their sponsors, that had greater than ten (10) percent of their EMIS reported students not in attendance during our head count but the total variance was less than two standard deviations (91) from the July 2014 FTE Estimate. AOS assigned these schools to Category 2, requiring further investigation. This letter informed the community schools about the results of our head count comparisons and gave the applicable community schools an opportunity to provide an explanation to AOS about their variances. Some, but not all, community schools responded to AOS and provided additional information that was helpful in assessing our results. Based upon responses from management described in section 8 of this report, AOS also chose to conduct a second surprise head count at certain locations to ensure the reasonableness and validity of our first head count.

AOS then met with ODE to gather more information necessary to further analyze the results of the head count. ODE provided AOS with a snapshot of the September 2014 FTE as reported to ODE by community schools in EMIS. ODE also provided AOS with the October 1, 2014 head count of community school students reported to ODE by community schools in EMIS as of October 16, 2014 (schools have 30 days to make adjustments to this data in EMIS before the counts are final for a particular day). AOS requested but did not receive the final October 1, 2014 head count information for the 30 schools from ODE to determine whether community schools made further adjustments to this information within the 30 day window.

AOS compared the actual head counts to the September 2014 FTE and latest available (though not final) October 1, 2014 head count information provided by ODE to determine whether these comparisons significantly changed from our original July 2014 FTE comparison. We found there were minimal fluctuations among our three comparisons (i.e., July FTE, September FTE, and October EMIS Head Count).

Upon compiling responses from management and completing applicable second counts, AOS met again with ODE officials to review the initial results of our head count comparisons for the 30 community schools to see if ODE had historical or other information that might be useful in analyzing these results further. ODE requested, and AOS granted, permission to discuss the initial results with the applicable sponsors, if needed. ODE later met with AOS to go over the results of their analysis and discussions with the sponsors. The community schools with the largest variances were all drop out recovery and prevention (DORP) schools. As a general rule, ODE indicated a 50% attendance rate is typical for DORP schools in Ohio.⁶

Upon completing its analysis of the information ODE provided, AOS contacted each of the community schools' management (i.e., administrators and principals), treasurers, management companies, and sponsors to discuss the final results of the head count comparisons, interviews, and inquiries. AOS afforded each of these officials a final opportunity to provide additional explanatory information to AOS. AOS also met with ODE to discuss the final results of this report.

4. CRITIQUE OF CURRENT LAW

Prior Year Annualized FTE

As described above, community schools receive state Foundation funding year round based upon annualized enrollment under the authority of Ohio Rev. Code §3301.0714. Many schools are not in session during the summer months. Similar to traditional school districts, ODE funds community schools that are out of session during the summer months based upon the final June FTE for the immediately preceding school year. However, unlike traditional school districts, funding for community schools is based upon the schools' monthly reporting of FTE, which ODE believes is a more efficient process than the traditional school funding model. ODE does not adjust the June FTE data for graduates or other changes in enrollment. Therefore, the Foundation funding a community

⁶ AOS did not obtain evidence from ODE to support the 50% attendance rate for DORP schools.

school receives during the summer months is based upon an estimate and requires adjustment by ODE upon the community school's actual enrollment as reported upon the school's opening. While this practice helps ensure community schools are able to meet their cash flow needs, an existing community school's failure to open or accurately report enrollment information could result in an unintended risk of loss to the state and citizens of Ohio for state Foundation funding.

Beginning in July 2015, ODE will determine the timing of a *newly opening* community school's first payment upon the rating of its sponsor under the new Sponsor Evaluation System pursuant to the changes authorized in Am. Sub. HB 555 of the 129th General Assembly and modifications in policy made by ODE in the August 2014 edition of the fiscal year 2014 SOES Manual. ODE retains discretion to begin Foundation payments as early as July for newly opening community schools approved by an exemplary sponsor, so long as the contract and required forms are in place, and the sponsor has notified ODE that the community school will open. Community schools approved by sponsors with a rating lower than exemplary will receive the first monthly payment no sooner than September.

While the HB 555 changes will reduce the risk of overfunding a newly opened community school, there is nothing in current law to reduce the risk of overfunding an existing community school based on summer estimates that may be inflated due to graduates from the preceding school year and other changes in enrollment (i.e., mobility of students).

Segregation of Duties

The current structure of community school laws in Ohio lacks appropriate segregation of duties. Generally, the following five activities in any government or agency need to be considered for segregation, where possible:

- Planning and policy development
- Implementation and change management
- Approval and authorization
- Outcome Reporting
- Monitoring or oversight

Current law mandates ODE to oversee community school sponsors; act as a sponsor itself under certain circumstances; collect enrollment and performance data for community schools; calculate and provide funding to community schools; and develop academic, performance, and financial policies for community schools. ODE is also charged with overseeing community school sponsors and monitoring the academic, fiscal, and enrollment data reported by community schools. ODE then subsequently reports the financial and academic results of community schools to the public and ensures penalties and consequences for nonperformance or noncompliance are carried out.

Proper segregation increases the State's ability to have accurate and meaningful financial and performance information and reporting. Separating the authorization and oversight duties and assigning them to different State agencies could increase the integrity of the sponsor and community school oversight process.

Conflicts of Interest

Ohio Rev. Code §3314.03(A)(11)(e) indicates that a community school's governing authority members cannot be employed by the community school, nor have an interest in any contract awarded by the governing authority, except under specified circumstances. Additionally, Ohio Admin. Code §3301-102-04 prohibits a sponsor from requiring a community school to purchase services from the sponsor. However, there are no other conflict of interest laws specific to community schools and their management companies and sponsors.

Under current law, some sponsors may be reluctant to close a community school because of the loss of revenue from the sponsorship fees and sale of services. Pursuant to Ohio Rev. Code §3314.029 and §3314.03(C), the sponsor may charge a community school's governing authority a fee for oversight and monitoring of the school that does not exceed three per cent of the total amount of payments for operating expenses that the school

receives from the state. Additionally, sponsors can sell services such as EMIS coordinators, treasurer services, and grant coordinators to community schools for additional fees beyond the three percent sponsorship fee. Current law also does not prohibit personnel employed by the management company from performing sponsorship, treasurer, EMIS and other operational duties for a community school the management company serves. There are also no requirements for governing board members or key management officials employed by community schools, management companies, or sponsors to disclose personal financial interests in the community school(s) they serve. As a result, community school stakeholders and the public may be unaware that certain activities or personal interests are in conflict with the best interests of the community school.

Ohio's law does not truly require a community school's governing board to be independent of its management company. This is a significant policy question for the legislature. It is beyond the scope of AOS to make policy recommendations on this matter; however, if independence is desired, the following factors should be considered:

Current law does not require a community school to negotiate its management agreement at arm's length. Arm's length describes a transaction between parties having adverse (or opposing) interests; where none of the participants are in a position to exercise substantial influence over the transaction because of business or family relationship(s) with more than one of the parties.

Based on AOS observations as well as relationships described in the IRS Charter School Reference Guide, a community school's governing body is more likely to be independent of a management company where: (1) the board members are not affiliated with the management company; (2) the board members have authority over and are actively involved in major school policies, including the budget, curriculum, and hiring and firing; (3) the board members negotiated with the management company before signing the management agreement; and (4) the community school has its own legal counsel and is not dependent upon the legal services provided by a management company.

Conversely, based on AOS observations and risk factors identified in the IRS Charter School Reference Guide, a community school's governing body is less likely to be independent of a management company where: (1) the management company was involved in forming the school and applying for its charter; (2) the board is controlled by the management company; (3) the board members have no authority under the management agreement over major school policies, including the budget, curriculum, and hiring and firing; (4) the management company directly employs key employees who provide services to the school; (5) the management agreement, or administrators' and teachers' contracts, provides that the school may not hire the administrators or teachers upon a termination of the management agreement; (6) the community school leases significant facilities and equipment from a management company; and (7) the management agreement provides for a significant penalty on termination that would compromise the school's ability to terminate the agreement, such as a lump sum penalty or loss of facilities, equipment, curriculum, use of name, or similar penalty.

Drop Out Recovery and Prevention Schools

Drop Out Recovery and Prevention (DORP) schools provide life-changing education for those students who persevere. Because their student population is at the high end of the risk scale, current law provides several exceptions to and waivers for community schools serving primarily drop out recovery students. As can be expected, AOS found the DORP schools had the highest non-attendance during the head count. However, AOS did not anticipate the rate of non-attendance among the DORP schools selected for the head count to be higher than 50 percent, the State's average DORP school attendance rate. As a result, AOS believes there is an increased risk of DORP schools reporting higher than actual FTE estimates.

Blended Learning

Ohio Rev. Code §3302.41 and §3301.079 (K)(1) provide rules for community schools, with approval by their sponsor, to implement a blended learning model to provide more flexibility and creativity in the venue in which a community school can educate a student. However, the lack of clearly defined minimum standards for blended learning models makes it difficult for sponsors and others, including auditors, to evaluate compliance with the 920-

hour rule for community school learning opportunities. It is also difficult under current statute to determine the General Assembly's intent for what constitutes an adequate, robust curriculum for its community school blended learning students. Lastly, current law does not provide consequences to community schools or their sponsors if the community school's educational plan does not match the actual instructional environment.

Community School Guarantee Mechanism

Ohio Rev. Code §3314.029(C) states that ODE may require a community school authorized under this section to post and file with the superintendent of public instruction a bond payable to the state or to file with the state superintendent a guarantee, which will be used to pay the state any moneys owed by the community school in the event the school closes.

This statute currently only applies to the community schools that are sponsored by ODE's Office of Ohio School Sponsorship.

Due to the increased risk of community schools closing with outstanding obligations that cannot be paid, the legislature and/or ODE should institute a guarantee mechanism for every community school, regardless of the sponsor. A guarantee could be in the form of a "hold-back" provision (i.e., retainage of one or two percent of each payment until a predetermined amount is retained for guarantee) from the State's monthly Foundation payments to secure performance with a promise that satisfactory performance results in payment of the amount held back to the community school after a certain period of time (perhaps one or two years of operation). Additional guarantee options could include a bond or insurance policy that covers the community school's outstanding obligations in the event of closure.

5. RECOMMENDATIONS TO ODE AND SPONSORS

Recommendations to ODE

Update of Manuals

During our analysis of the AOS head count results, AOS found neither the ODE EMIS Manual nor SOES Manual were updated for the 2014-2015 school year. Additionally, copies of a PowerPoint presentation were the only publicly available sources of information regarding the EMIS rewrite and consolidation of SOES on ODE's website. These presentations did not provide a sufficient level of detail to direct EMIS coordinators or other EMIS stakeholders not physically in attendance during ODE's conference through the system changes or new requirements. As a result, there is an increased risk that community schools and their sponsors may not fully understand ODE's enrollment reporting and verification systems. ODE should update its *EMIS Manual* and *SOES Manual* for the fiscal year 2015 changes ODE made during the EMIS-Rewrite and consolidation of SOES. While ODE provided training to community schools about these changes, the relevant portions of these manuals remain out of date. As a result, there is an increased risk that community schools may inaccurately report enrollment information. Going forward, ODE should update its manuals in a timely manner, describing significant changes to EMIS and SOES prior to implementation.

Monthly Reporting of FTE Estimates

During our interviews with community school administrators, principals, and other community school stakeholders, there was innuendo suggesting that, as a matter of practice, some community schools report higher than actual rates of enrollment to ODE to avoid or offset potential cash flow problems that could arise later in the school year. While state Foundation funding is clearly based upon annualized enrollment, the monthly reporting of student enrollments should be founded upon actual data rather than hopeful projections of enrollment. Many community schools struggle financially during the early months of a school year, particularly for newer or first-year community schools. The lack of public facilities funding available to community schools in Ohio further

exacerbates this, resulting in some community schools committing more Foundation funding to facilities rental costs and less to instructional costs. As a result, some community schools may be reporting higher than actual projections of enrollment during the early months of the school year to prevent cash flow problems.

Misrepresentation of enrollment, or even out-right falsification, are improper acts under any circumstances (refer to Ohio Rev. Code §2921.13(A)(7)). ODE uses monthly enrollment information as the basis for its Foundation payments to community schools. There is an increased risk of loss of the state's Foundation funding if the community school closes or fails to accurately revise its reported enrollment projections. As a result, the state and citizens of Ohio may never realize or recoup their fair share of this funding.

SOES Flagging System

During our interviews with ODE, ODE indicated that the SOES flagging system used to identify students that are being claimed for Foundation funding purposes by more than one school (community school or traditional school) was not operational from July through most of November 2014 due to the EMIS rewrite. ODE recently rectified this problem and opened the SOES flagging system to both traditional and community schools to view errors. However, ODE should carefully review the errors identified by the SOES flagging system for potential errors that may have been present during the months of September through November 2014 which may necessitate adjustments to schools' Foundation payments during those months.

Blended Learning

Blended learning opportunities must be approved by the community school sponsor and do not necessarily equate to a full 920 hours of learning opportunities. There is little guidance in current law advising sponsors about how to evaluate a blended learning curriculum for appropriateness and sufficiency. During our review of sponsor contracts, educational plans, and descriptions of blended learning opportunities, AOS noted ambiguity within the language of these documents sufficient to evaluate a community school's compliance with statutory requirements concerning the minimum number of learning opportunities a community school must provide to students in a blended learning environment. Additionally, it was unclear in some cases how a community school should document student participation in a blended learning venue outside of the classroom. ODE should develop minimum standards for documentation and provide best practice policies and tools to sponsors that can be used as a guide in developing their curriculum oversight policies and documentation requirements.

Additionally, ODE should discourage sponsors from using boilerplate language in their sponsor contracts with community schools. During our review of sponsor contracts for the selected community schools, we noted some sponsors included boilerplate language for blended learning opportunities in their educational plans for community schools. As a result, we found three community schools had authorized generic blended learning curriculums but were not in fact employing blended learning based upon interviews with community school administrators and principals. However, the sponsor authorization documented within the sponsor contract could permit a community school to implement blended learning without detailed negotiation with or written rules from the sponsor, possibly resulting in a curriculum that is ineffective for blended learning students and does not meet standards (such as they are). AOS believes it is critical for a community school to have an in-depth discussion with its sponsor before the community school implements blended learning opportunities in its educational plan. These discussions should include a detailed evaluation by the sponsor of the sufficiency of the curriculum and hours of learning opportunities provided as well as the policies and rules for documenting student attendance and participation in a blended learning environment.

AOS also identified one community school whose educational plan in the sponsor agreement did not authorize a blending learning program; however, management informed AOS during an interview that the school was in fact employing a blended learning curriculum with some student learning opportunities provided in the classroom and some provided online. Lastly, AOS identified one community school operating a blended learning program as authorized by the sponsor in the educational plan; however, there was no evidence that the community school provided the blended learning declaration to ODE required under Ohio Rev. Code §3302.41(A).

Recommendations for Sponsors

Enrollment Monitoring

During the AOS head count and interviews with community school administrators, principals, and sponsors, AOS learned there are varying degrees of community school enrollment monitoring performed by sponsors. Sponsors should actively review, especially near the beginning of the school year but also periodically throughout the year, community school enrollment and student attendance information. Sponsors should consider conducting unannounced, onsite FTE reviews and verify enrollment and attendance information against original source documents contained in the community school’s student files. For community schools offering blended learning opportunities, sponsors should also review login records to determine whether the documented completion of lesson plans match the daily hours of instruction listed in the sponsor contract educational plan and school’s entity profile in EMIS. Additionally, as further described above in the Recommendations for ODE, sponsors should avoid the use of boilerplate language and require community schools to amend their educational plans within the sponsor contract if the community school wishes to begin offering blended learning opportunities or make other significant changes to its curriculum.

6. COMMUNITY SCHOOLS SELECTED FOR HEAD COUNT

AOS haphazardly selected the following community schools for the October 1, 2014 head count (*Drop Out Recovery and Prevention (DORP) schools are noted with the acronym “DORP” in the table below*):

	IRN	School Name	County	Sponsor	
1.	013195	Academy for Educational Excellence	Lucas	North Central Ohio ESC	
2.	013249	Academy for Urban Scholars Youngstown	Mahoning	Buckeye Community Hope Foundation	DORP
3.	000139	Alliance Academy of Cincinnati	Hamilton	Educational Service Center of Lake Erie West	
4.	012044	Capital High School	Franklin	Educational Resource Consultants of Ohio	DORP
5.	134247	City Day Community School	Montgomery	Educational Resource Consultants of Ohio	
6.	000420	Columbus Bilingual Academy	Franklin	Richland Academy of the Arts	
7.	008283	Dayton Technology Design High School	Montgomery	Dayton City School District	DORP
8.	000938	Gateway Academy of Ohio	Franklin	Educational Resource Consultants of Ohio	
9.	012042	George V. Voinovich Reclamation Academy	Cuyahoga	Educational Resource Consultants of Ohio	DORP
10.	143602	Hamilton County Mathematics & Science Academy	Hamilton	Educational Resource Consultants of Ohio	
11.	011534	Horizon Science Academy Dayton High School	Montgomery	Buckeye Community Hope Foundation	
12.	133835	Invictus High School	Cuyahoga	St. Aloysius Orphanage	DORP
13.	000576	King Academy Community School	Hamilton	Educational Resource Consultants of Ohio	
14.	010205	L. Hollingsworth School for Talented and Gifted	Lucas	Buckeye Community Hope Foundation	
15.	012038	Langston Hughes High School	Cuyahoga	Educational Resource Consultants of Ohio	DORP
16.	143164	Life Skills Center of Hamilton County	Hamilton	Ohio Council of Community Schools	DORP
17.	133785	Life Skills Center of Cincinnati	Hamilton	St. Aloysius Orphanage	DORP
18.	133801	Life Skills Center of Youngstown	Mahoning	St. Aloysius Orphanage	DORP

	IRN	School Name	County	Sponsor	
19.	008278	Noble Academy-Cleveland	Cuyahoga	Buckeye Community Hope Foundation	
20.	151035	Pleasant Community Academy	Marion	Pleasant Local School District	
21.	133348	Richard Allen Preparatory	Montgomery	Office of School Sponsorship	
22.	143644	Sciotoville Community School	Scioto	Thomas B. Fordham Foundation	
23.	009964	Sciotoville Elementary Academy	Scioto	Thomas B. Fordham Foundation	
24.	000855	Stambaugh Charter Academy	Mahoning	Buckeye Community Hope Foundation	
25.	000623	Summit Academy - Youngstown	Mahoning	Educational Service Center of Lake Erie West	
26.	000303	Summit Academy Secondary School-Youngstown	Mahoning	Educational Service Center of Lake Erie West	
27.	000951	Toledo Preparatory and Fitness Academy	Lucas	Ohio Council of Community Schools	
28.	143313	West Preparatory Academy	Cuyahoga	St. Aloysius Orphanage	
29.	000222	Wildwood Environmental Academy	Lucas	Ohio Council of Community Schools	
30.	012009	Zenith Academy East	Franklin	St. Aloysius Orphanage	

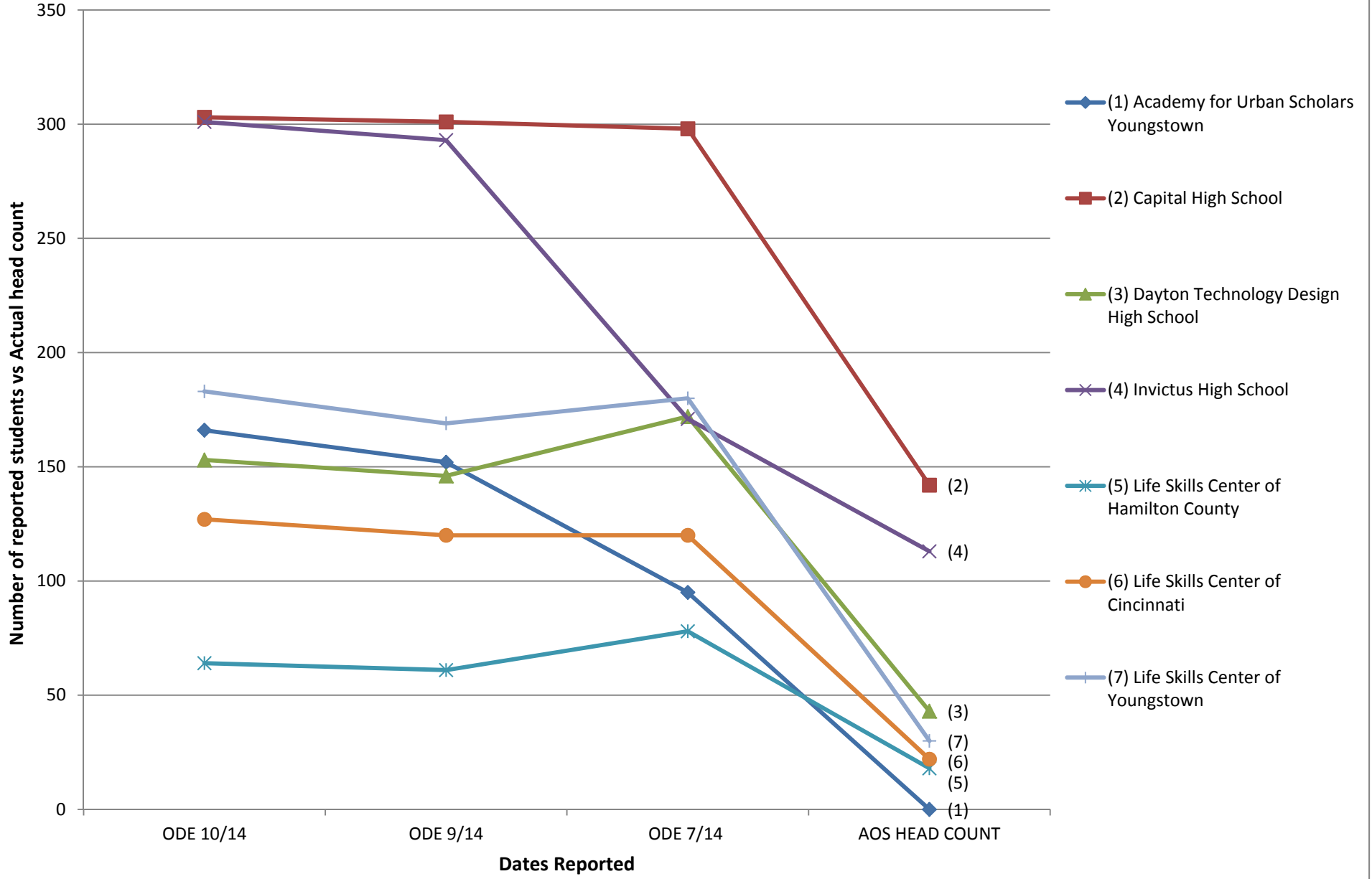
7. SUMMARY RESULTS OF COMMUNITY SCHOOL HEAD COUNTS BY CATEGORY

The following section describes the summary results of the AOS community school head counts by category.

7.1. CATEGORY 1 COMMUNITY SCHOOLS

The following are Category 1 community schools that had a variance of more than two standard deviations (91) between the October 1, 2014 AOS head count and July 2014 FTE estimates used by ODE. AOS considers the results of these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring these community schools to ODE and the schools' sponsors for further investigation.

Category 1 Schools



(Drop Out Recovery and Prevention (DORP) schools are noted with the acronym "DORP" in the table below.)

CATEGORY 1 COMMUNITY SCHOOLS									
	IRN	School Name	County	Sponsor		AOS HEAD COUNT	July 2014 FTE Variance	Sept 2014 FTE Variance	10/1/14 EMIS Head Count Variance
1.	013249	Academy for Urban Scholars Youngstown	Mahoning	Buckeye Community Hope Foundation	DORP	0	-100%	-100%	-100%
2.	012044	Capital High School	Franklin	Educational Resource Consultants of Ohio	DORP	142	-52%	-53%	-53%
3.	008283	Dayton Technology Design High School	Montgomery	Dayton City School District	DORP	43	-75%	-71%	-72%
4.	133835	Invictus High School	Cuyahoga	St. Aloysius Orphanage	DORP	113	-34%	-61%	-62%
5.	143164	Life Skills Center of Hamilton County	Hamilton	Ohio Council of Community Schools	DORP	18	-77%	-70%	-72%
6.	133785	Life Skills Center of Cincinnati	Hamilton	St. Aloysius Orphanage	DORP	22	-82%	-82%	-83%
7.	133801	Life Skills Center of Youngstown	Mahoning	St. Aloysius Orphanage	DORP	30	-83%	-82%	-84%

NOTE: Negative percentages mean AOS found the number of students in attendance during the AOS head count to be less than the number of FTE's or individual students the community school reported in EMIS to ODE.

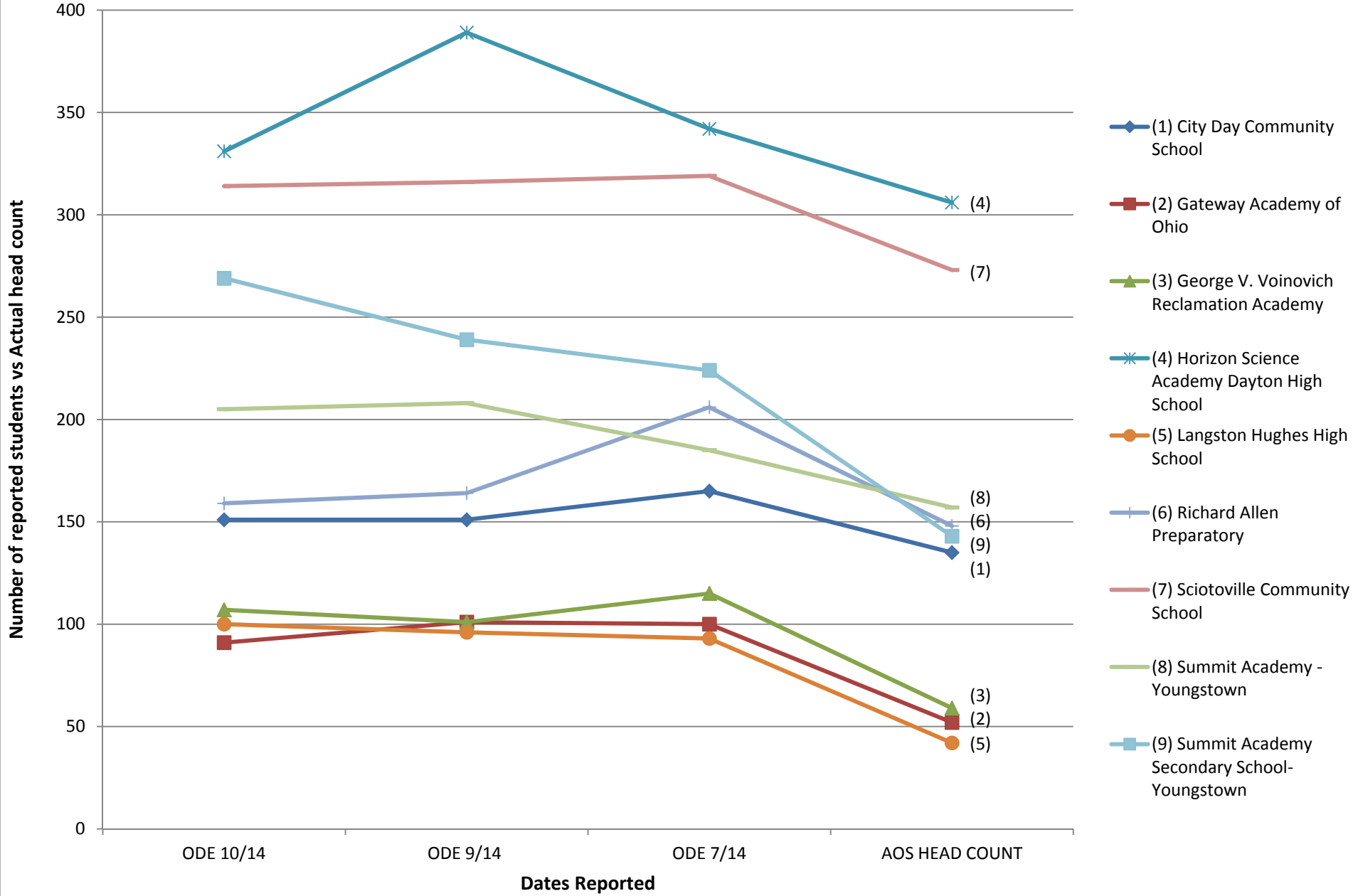
The following table indicates the percentage of Category 1 community school students found to be in attendance on October 1, 2014, from lowest to highest, in comparison to the July 2014 FTE Estimate used by ODE.

Name of Category 1 School	Attendance Rate in Relation to Reported July 2014 FTE
Academy for Urban Scholars Youngstown	0%
Life Skills Center of Youngstown	17%
Life Skills Center of Cincinnati	18%
Life Skills Center of Hamilton County	23%
Dayton Technology Design High School	25%
Capital High School	48%
Invictus High School	66%

7.2. CATEGORY 2 COMMUNITY SCHOOLS

The following are Category 2 community schools that had greater than ten (10) percent of their EMIS reported students not in attendance during our head count but the total variance was less than two standard deviations (91) from the July 2014 FTE Estimate. AOS considers the results of these variances to be only slightly or somewhat high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring these community schools to ODE and the schools' sponsors for their information and determination of whether or not further investigation might be appropriate. (*Drop Out Recovery and Prevention (DORP) schools are noted with the acronym "DORP" in the table below.*)

Category 2 Schools



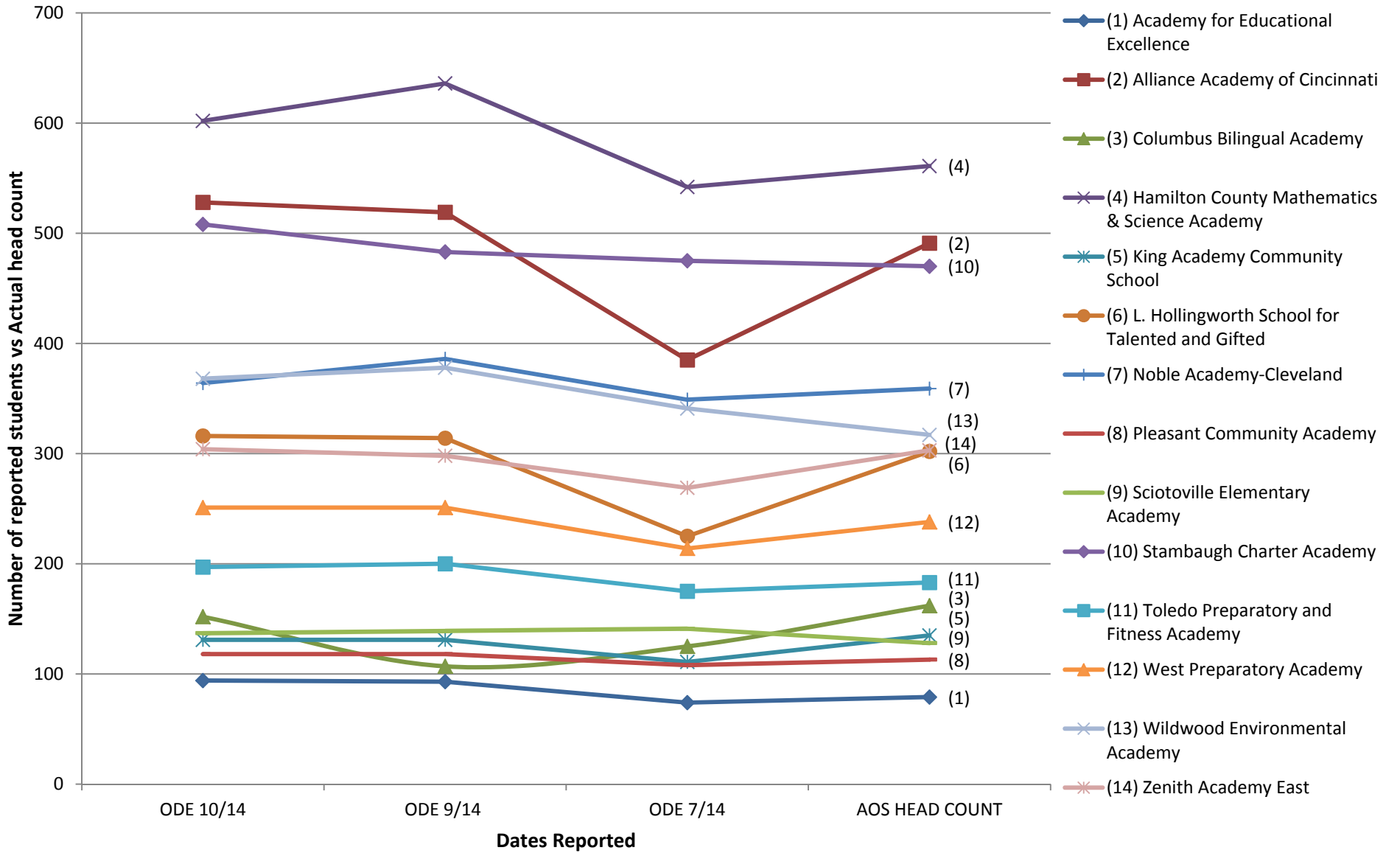
CATEGORY 2 COMMUNITY SCHOOLS									
	IRN	School Name	County	Sponsor		AOS HEAD COUNT	July 2014 FTE Variance	Sept 2014 FTE Variance	10/1/14 EMIS Head Count Variance
1.	134247	City Day Community School	Montgomery	Educational Resource Consultants of Ohio		135	-18%	-11%	-11%
2.	000938	Gateway Academy of Ohio	Franklin	Educational Resource Consultants of Ohio		52	-48%	-49%	-43%
3.	012042	George V. Voinovich Reclamation Academy	Cuyahoga	Educational Resource Consultants of Ohio	DORP	59	-49%	-42%	-45%
4.	011534	Horizon Science Academy Dayton High School	Montgomery	Buckeye Community Hope Foundation		306	-11%	-21%	-8%
5.	012038	Langston Hughes High School	Cuyahoga	Educational Resource Consultants of Ohio	DORP	42	-55%	-56%	-58%
6.	133348	Richard Allen Preparatory	Montgomery	Office of School Sponsorship		148	-28%	-10%	-7%
7.	143644	Sciotoville Community School	Scioto	Thomas B. Fordham Foundation		273	-14%	-14%	-13%
8.	000623	Summit Academy - Youngstown	Mahoning	Educational Service Center of Lake Erie West		157	-15%	-25%	-23%
9.	000303	Summit Academy Secondary School- Youngstown	Mahoning	Educational Service Center of Lake Erie West		143	-36%	-40%	-47%

NOTE: Negative percentages mean AOS found the number of students in attendance during the AOS head count to be less than the number of FTE's or individual students the community school reported in EMIS to ODE. Positive percentages mean AOS found the number of students in attendance during the AOS head count to be more than the number of FTE's or individual students the community school reported in EMIS to ODE.

7.3. CATEGORY 3 COMMUNITY SCHOOLS

The following are Category 3 community schools that had a variance of ten (10) percent or less between the AOS head count and July 2014 FTE reported in EMIS. AOS also accepted any variance where a community school had more students in attendance during the AOS head count than reflected in EMIS as enrolled (on either a FTE or student count basis). Other than the routine monitoring activities that are appropriate and necessary to be performed by these agencies, AOS does not believe these community schools require further investigation by ODE or their sponsors.

Category 3 Schools



	IRN	School Name	County	Sponsor	AOS HEAD COUNT	July 2014 FTE Variance	Sept 2014 FTE Variance	10/1/14 EMIS Head Count Variance
1.	013195	Academy for Educational Excellence	Lucas	North Central Ohio ESC	79	7%	-15%	-16%
2.	000139	Alliance Academy of Cincinnati	Hamilton	Educational Service Center of Lake Erie West	491	28%	-5%	-7%
3.	000420	Columbus Bilingual Academy	Franklin	Richland Academy of the Arts	162	30%	51%	7%
4.	143602	Hamilton County Mathematics & Science Academy	Hamilton	Educational Resource Consultants of Ohio	561	4%	-12%	-7%
5.	000576	King Academy Community School	Hamilton	Educational Resource Consultants of Ohio	135	22%	3%	3%
6.	010205	L. Hollingworth School for Talented and Gifted	Lucas	Buckeye Community Hope Foundation	302	34%	-4%	-4%
7.	008278	Noble Academy-Cleveland	Cuyahoga	Buckeye Community Hope Foundation	359	3%	-7%	-1%
8.	151035	Pleasant Community Academy	Marion	Pleasant Local School District	113	5%	-4%	-4%
9.	009964	Sciotoville Elementary Academy	Scioto	Thomas B. Fordham Foundation	128	-9%	-8%	-7%
10.	000855	Stambaugh Charter Academy	Mahoning	Buckeye Community Hope Foundation	470	-1%	-3%	-7%
11.	000951	Toledo Preparatory and Fitness Academy	Lucas	Ohio Council of Community Schools	183	5%	-9%	-7%
12.	143313	West Preparatory Academy	Cuyahoga	St. Aloysius Orphanage	238	11%	-5%	-5%
13.	000222	Wildwood Environmental Academy	Lucas	Ohio Council of Community Schools	317	-7%	-16%	-14%
14.	012009	Zenith Academy East	Franklin	St. Aloysius Orphanage	303	13%	2%	0%

NOTE: Negative percentages mean AOS found the number of students in attendance during the AOS head count to be less than the number of FTE's or individual students the community school reported in EMIS to ODE. Positive percentages mean AOS found the number of students in attendance during the AOS head count to be more than the number of FTE's or individual students the community school reported in EMIS to ODE-.

8. DETAILED RESULTS OF CATEGORY 1 AND 2 COMMUNITY SCHOOLS BY SCHOOL

The following section describes the detailed results of the AOS community school head counts for Category 1 and 2 community schools by individual school. Given the variability of results for the Category 2 schools, AOS provided an “AOS Conclusion” for each school indicating whether AOS recommends the sponsor or ODE should take further action to investigate the variances. For example, some Category 2 schools had unusually high variances but the community school’s total enrollment is low; thereby eliminating the community school’s ability to meet the two standard deviations (91) criteria for inclusion as a Category 1 school.

**CATEGORY 1
THE ACADEMY FOR URBAN SCHOLARS YOUNGSTOWN (IRN: 013249)
MAHONING COUNTY**

SPONSOR: BUCKEYE COMMUNITY HOPE FOUNDATION
 TREASURER: BRIAN ADAMS – OHIO COMMUNITY SCHOOL CONSULTANTS
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: KEVIN ELLERBE
 SUPERINTENDENT: AARON MICHAEL BUTLER

PHYSICAL ADDRESS: 1350 5TH AVENUE
 SUITE 100 106
 YOUNGSTOWN, OHIO 44504

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
0*	95	(95)	(100%)	152	(152)	(100%)	166	(166)	(100%)
* The Academy did not provide absence information for October 1, 2014. Note: AOS performed a second head count on November 3, 2014 accounting for 37 students									

- The Auditor of State’s office interviewed the Academy Director on October 7, 2014. The Director explained the AOS Head Count was zero (0) on October 1, 2014 because the Academy dismissed all students at 12:30 p.m. that day.
- The Director indicated the Academy was engaged in a set of weeklong practice tests for the Ohio Graduation Test (OGT) the week of October 1, 2014. Once the testing was completed each day that week, students were permitted to leave.
 - If a student already passed the OGT, the Academy offered a practice ACT exam.
 - If a student wasn’t going to take the practice OGT or practice ACT exams, then the Academy assigned them an independent project to complete.
 - The Director felt attendance the entire week of October 1, 2014 would be low since a lot of students previously passed the OGT and would not be as interested in sitting through the practice ACT exams.
 - The sign in sheet provided by the Director for October 1, 2014 supported 49 students in attendance for some portion of the day. We noted several of the sign in and sign out times next to the student signatures were not documented.
- The Academy’s calendar did not indicate practice testing for the OGT would be taking place the week of October 1, 2014.
- The Auditor of State’s office made an unannounced follow up visit on Monday, November 3, 2014.
 - AOS reviewed the OGT practice test documents and related answer sheets from the week of October 1, 2014. AOS noted that the test booklets were from 2004. Each booklet had a student’s name on it along with the answer sheet. The number of students present did not correspond to the number of tests given on each day. However, the Director explained not all students present were prepared to take the test, accounting for the discrepancy.
 - Since AOS did not obtain student names during the head count, AOS was unable to determine that the student names on the test booklets were enrolled students listed in the school’s current roster.
 - AOS also performed a head count at 10:15 a.m. accounting for 37 students.

CATEGORY 1
THE ACADEMY FOR URBAN SCHOLARS YOUNGSTOWN (IRN: 013249)
MAHONING COUNTY
(Continued)

- Additionally, the Academy gave the AOS a copy of the '2014-2015 School Director's Report' for the week of 10/6 – 10/9. The Report, under the sub-heading 'Overall Enrollment' includes the following statement "Last week State Auditor visited and requested enrollment number and attendance. Ask how long before we withdraw students that weren't able to be reached. Even though Toney from EMIS suggested that we don't UN-enroll students we honored our word to Auditor and will re-enroll those students that were taken off the list." However, AOS was not involved in a conversation with Academy management where we provided any instruction to the Academy on their enrollment practices.
- Based on review of the latest available Sponsorship Contract on ODE's website effective for the period July 1, 2013 through June 30, 2015, it indicates the Academy offers a blended learning model.
 - The educational program located in Exhibit VII of the Sponsorship Contract outlines blended learning opportunities for all students.
 - However, based on our interview with the Director, in practice the Academy is not utilizing a blended learning approach. The Academy is functioning as a classroom based school.
 - Changes to the educational program cannot be implemented without written consent of the Sponsor.

AOS Conclusion:

AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school's sponsor for further investigation.

Sponsor's Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at the Academy for Urban Scholars Youngstown. ODE summarized the sponsor's response and provided to AOS as follows:

Per the sponsor's review, the school spent the morning of 10/1 giving the students practice OGT tests. Students were released when they completed the test. The afternoon was a planning period for the teachers. The school has two sessions each day. As a DORP, attendance tends to be low. Also indicated that each student's schedule varied according to instruction needed for graduation. The Nov. FTE is 132.92.

**CATEGORY 1
CAPITAL HIGH SCHOOL (IRN: 012044)
FRANKLIN COUNTY**

SPONSOR: EDUCATIONAL RESOURCE CONSULTANTS OF OHIO
 TREASURER: DAVE MASSA
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: MONICA SCOTT-MATTHEWS
 SUPERINTENDENT: GAMAL D. BROWN

PHYSICAL ADDRESS: 640 HARRISBURG PIKE
 COLUMBUS, OHIO 43223

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
142*^	298	(156)	(52%)	301	(159)	(53%)	303	(161)	(53%)

* The School did not provide absence information for October 1, 2014.

^AOS also noted eight students present in the common area during the afternoon count at 12:19p.m. The eight students were not included in the 142 noted above as it was not clear if these were students that were remaining from the morning session, or if they were afternoon session students that were temporarily excused from the classes that were underway at that time.

- The Auditor of State’s office interviewed the School Director on October 6, 2014. The Director indicated the average attendance rate is about 55 to 60 percent.
- The Director indicated the head count completed by the AOS on October 1, 2014 is reflective of the normal attendance rate.
 - The Director provided a sign in/out sheet for October 1, 2014 for both the AM and PM sessions. The AM sheet indicated 79 students in attendance and the PM sheet indicated 53 students in attendance for a total of 132 students for October 1, 2014.
 - The Director indicated there are approximately 70 students that attend on a daily basis. The Director indicated that the remaining student population rotate in and out of the school just frequently enough to not be withdrawn.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the School does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the School is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.
 - The educational program does discuss online learning, but this occurs on computers that are physically present at the School. This was also confirmed from our visit to the School and inquiry with management.

AOS Conclusion:

AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school’s sponsor for further investigation.

**CATEGORY 1
CAPITAL HIGH SCHOOL (IRN: 012044)
FRANKLIN COUNTY
(Continued)**

Sponsor's Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 1
DAYTON TECHNOLOGY DESIGN HIGH SCHOOL (IRN: 008283)
MONTGOMERY COUNTY**

SPONSOR: DAYTON CITY SCHOOL DISTRICT
 TREASURER: NICKI HAGLER, MANGEN & ASSOCIATES
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: KARL PERKINS
 SUPERINTENDENT: KARL PERKINS
 PHYSICAL ADDRESS: 348 W. FIRST ST.
 DAYTON, OHIO 45402

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
43*	172	(129)	(75%)	146	(103)	(71%)	153	(110)	(72%)
* The School provided documentation indicating nine students had excused absences on October 1, 2014. The School also provided documentation indicating eight students logged in from home as part of the blended learning model on October 1, 2014. The revised numbers accounting for the absence and blended learning information are reflected in the row below.									
60	172	(112)	(65%)	146	(86)	(59%)	153	(93)	(61%)
Note: A follow up count performed on November 12, 2014 accounted for a total of 60 students, supporting the reasonableness of the count performed on October 1, 2014. Absence information was not provided in relation to the November 12, 2014 count.									

- The Auditor of State’s office interviewed the Director on October 6, 2014. The Director indicated our head count could have been low because we were there at 8:35 a.m. on October 1, 2014 and several students were tardy arriving closer to 9:00 a.m.
- The Director also indicated issues like weather play a role in attendance.
- The Director provided the sign in/sign out log for October 1, 2014, indicating 51 students signed in (21 of which were marked as tardy).
- The Director also provided a system generated document of students that logged onto the computer from home to access curriculum for October 1, 2014. There were eight students on this report. Total number of students for October 1, 2014 according to the School records was 59.
- The Auditor of State’s office made an unannounced follow up visit on Wednesday, November 12, 2014.
 - AOS performed a head count at 8:55 a.m. accounting for 60 students.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2011 through June 30, 2016, the School offers a blended learning model.
 - The educational program in Exhibit 1 of the Sponsorship Contract also supports that the School offers a blended learning model.
 - Changes to the educational program have to be documented in writing and agreed to by all parties.
 - Per inquiry with the Ohio Department of Education (ODE) and review of ODE’s ‘Self-Identified Blended Learning Programs in Ohio’ listing, the School did not notify ODE regarding the School’s operation using a blended learning model as is required.

AOS Conclusion:

AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school’s sponsor for further investigation.

**CATEGORY 1
DAYTON TECHNOLOGY DESIGN HIGH SCHOOL (IRN: 008283)
MONTGOMERY COUNTY
(Continued)**

Sponsor's Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 1
INVICTUS HIGH SCHOOL (IRN: 133835)
CUYAHOGA COUNTY**

SPONSOR: ST. ALOYSIUS
 TREASURER: BRIAN ADAMS – OHIO COMMUNITY SCHOOL CONSULTANTS
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: DEAN MANKE
 SUPERINTENDENT: MAUREEN A. BUSINGER

PHYSICAL ADDRESS: 3120 EUCLID AVENUE
 CLEVELAND, OHIO 44115

ANNEX: 3969 LEE RD.
 (No people assigned) CLEVELAND, OHIO 44128

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
113 ^{^*}	171	(58)	(34%)	293	(180)	(61%)	301	(188)	(62%)

[^] The School did not provide absence information for October 1, 2014.

***The 113 represents the number per the School's sign in/sign out sheets for October 1, 2014. The AOS Head Count on October 1, 2014 did not include the satellite location as AOS was not aware of the location at the time of the count. To determine the reasonableness of the 113 above, we summed the October 1, 2014 head count of the main campus of 51 with a head count AOS performed on October 15, 2014 at the satellite location of 52, for a total of 103 students for the School as a whole.**

- The Auditor of State's office interviewed the School Director on October 7, 2014. The Director indicated our head count was low because we did not visit the School's satellite location.
- The Director also stated our count could be low due to a recent change in the School hours of operation.
 - The School was offering three separate starting times for students each day.
 - The week prior to October 1, 2014, the School went back to offering just two starting times.
 - The School wanted to create more flexibility for the students, but it was causing too many behavioral issues.
 - As a result, the Director felt attendance could have been lower the week of October 1, 2014 as some students were boycotting the change.
- The Director provided sign in/out sheets for October 1, 2014 for both the main and satellite buildings.
 - Based on these sheets, the Main building attendance was 54 and the satellite building attendance was 59 for a total of 113.
- The Director indicated the average attendance rate is approximately 40 to 50 percent.
- The Director explained that students can work from home, but they are not counted for attendance if they do.
- The Auditor of State's office made an unannounced follow up visit on Wednesday, October 15, 2014.
 - AOS performed head counts at the satellite location at 10:25 a.m. accounting for 38 students and at 12:15 p.m. accounting for 16 students. The student count for October 15, 2014 at the satellite location accounting for both the a.m. and p.m. sessions totaled 54 students.
- Based on review of the latest available Sponsorship Contract on ODE's website for the period May 23, 2013 through June 30, 2014, the School does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program.
 - Any change to the Sponsorship Contract has to be made in writing and approved by the Sponsor.
 - The educational program supports that the School is classroom based. This is further supported from AOS on site visit and inquiry with the Director

**CATEGORY 1
INVICTUS HIGH SCHOOL (IRN: 133835)
CUYAHOGA COUNTY
(Continued)**

AOS Conclusion:

AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school's sponsor for further investigation.

Sponsor's Response:

We received the following response from Dave Cash of Charter School Specialists addressing our head count on October 1, 2014 at Invictus High School:

In response to the AOS' headcounts during the school visits...and what ODE reported on October 1, 2014 it is important to point out that [this school is a] dropout recovery [school]. [This school] typically [has] low attendance rates because of the population [it serves].

Invictus had a 41.8% overall attendance rate last year and are currently showing a 44% attendance rate. School attendance software shows 113 in attendance including the satellite location. ODE reported a head count of 301 in October and the school was paid on FTEs of 284.89 for Oct and 291.92 for Nov. The headcount of 113 was a little below the current attendance rate on October 1st. They showed a 40% attendance rate on that day. However, the numbers counted by AOS seems reasonable.

**CATEGORY 1
LIFE SKILLS CENTER OF HAMILTON COUNTY (IRN: 143164)
HAMILTON COUNTY**

SPONSOR: OHIO COUNCIL OF COMMUNITY SCHOOLS
 TREASURER: JEFFREY FOSTER, WHITE HAT MANAGEMENT
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: ZENA VAUGHN
 SUPERINTENDENT: MARGARET MARY FORD

PHYSICAL ADDRESS: 7710 READING RD.
 CINCINNATI, OHIO 45237

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
18*	78	(60)	(77%)	61	(43)	(70%)	64	(46)	(72%)
*The Center did not provide absence information for October 1, 2014.									

- The Auditor of State’s office interviewed the Center Administrator on October 6, 2014. The Administrator did not dispute the low head count.
 - The Administrator explained that the student population is between the ages of 16 and 22, and that most students have to check in with their probation officer (located in the same building) before they come to school.
 - The Administrator indicated that this is a credit recovery school.
 - The Administrator also explained that she is the Administrator for both Life Skills Center of Hamilton County and Life Skills Center of Cincinnati and that the 2 schools share teachers, but the Board Members and sponsors are different.
 - The Administrator also indicated that the Center’s school year consists of 184 days, five hours a day, four days a week, year round. She further stated that generally at this location attendance is higher in the morning than in the afternoons.
 - AOS Count was performed at 10:20 a.m.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2018, it indicates the Center offers a blended learning model.
 - The educational program in Attachment 4 of the Sponsorship Contract outlines blended learning opportunities for all students.
 - However, based on our interview with the Administrator, in practice the Center is not utilizing a blended learning approach. The Center is functioning as a classroom based school.
 - Changes to the educational program cannot be implemented without prior written approval of the Sponsor.

Management Company Response:

The Life Skills Center of Hamilton County is a dropout recovery school that serves an at-risk student population including students who are young parents, pregnant, or involved with the criminal justice system. Their attendance is poor and many of our graduates drop out and reenroll up to five times before graduating. In an effort to improve attendance the School offers a flexible daily schedule, which allows students to complete five hours of educational curriculum over any period of the day. When students stop attending, home visits are made. When students stop attending, the school loses funding for that student under the 105 hour rule. Despite these obstacles, hundreds of students have graduated from the Life Skills Center of Hamilton County.

CATEGORY 1
LIFE SKILLS CENTER OF HAMILTON COUNTY (IRN: 143164)
HAMILTON COUNTY
(Continued)

The Board has been informed that the School's attendance report indicates that 24 students were in attendance on October 1st. In addition, the School received payment in October for a total of 58.53 students instead of the 64 Students used in the Auditor Report. If the corrected data is used, the variance would have been 59% instead of the 72% variance noted by the Auditor. The Board of Directors will continue to work with School administration and its sponsor to monitor and improve student attendance and to offer educational services to its at-risk student body.

AOS Conclusion:

ODE indicated the EMIS Head Count for October 1, 2014, was 64 students as of October 16, 2014. Community schools have up to 30 days to make adjustments to this information in EMIS. Although requested, ODE did not provide AOS with the final October 1, 2014, EMIS head count data (i.e., after the 30 day window to adjust data was had ended). AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school's sponsor for further investigation.

Sponsor's Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Life Skills Center of Hamilton County. ODE summarized the sponsor's response and provided to AOS as follows:

Per the sponsor, from the school, the school has experienced declining enrollment for the past several years, due to the population shift in the city of Cincinnati away from the current location of our school. The students are at-risk; face multiple barriers (pregnancy, parenting, legal issues, including jail, employment and transportation). A change in the bus route has compounded the lack of transportation issue. The visit by the Auditor occurred in the morning and there were only 18 students in attendance at the time. The school does have what is called open session meaning that students can come into the building at any time in the day with the understanding that a full day is five hours. Students who work are excused after four hours to earn their work credit. By the end of the day 24 students were in attendance. Despite the challenges it faces the school is averaging just under 50% attendance each day which is consistent with the attendance of other Ohio Dropout Recovery Schools as a result of the issues described above. The school is working to refocusing our efforts to assist students as they attempt to overcome these barriers. A potential change in location of the school is being considered by the board.

Additionally per the sponsor, the OCCS Chief Oversight Officer and Regional Representative visited the school in early December for a surprise visit. OCCS was not made aware of the AOS head count at Life Skills Center of Hamilton County until a meeting with the AOS on Nov. 17, 2014. The Interim administrator provided OCCS a tour of the building. There were 16 students present and she said that was typical.

OCCS scheduled a conference call with the Board President and Board Attorney to discuss this issue on Friday Dec. 5, 2014.

**CATEGORY 1
LIFE SKILLS CENTER OF CINCINNATI (IRN: 133785)
HAMILTON COUNTY**

SPONSOR: ST. ALOYSIUS
 TREASURER: JEFFREY FOSTER, WHITE HAT MANAGEMENT
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: ZENA VAUGHN
 SUPERINTENDENT: MARGARET MARY FORD

PHYSICAL ADDRESS: 2612 GILBERT AVE.
 CINCINNATI, OHIO 45206

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
22*	120	(98)	(82%)	120	(98)	(82%)	127	(105)	(83%)
*The Center did not provide absence information for October 1, 2014. Note: A follow up head count performed on November 12, 2014 accounted for a total of 17 students.									

- The AOS Head Count of 22 in the table above represents the AOS count performed at 9:50 a.m. on October 1, 2014.
 - During this initial count it was explained to the AOS staff that the Center offers a flexible schedule for students and that most students attend in the afternoon.
 - AOS returned to the Center at 2:50 p.m. that same day. The count at 2:50 p.m. was 0.
- The Auditor of State’s office subsequently interviewed the Administrator on October 6, 2014. The Administrator could not provide an explanation as to why the student count was zero during the afternoon session. She indicated she was not at Life Skills Center of Cincinnati that afternoon, but rather she was at Life Skills Center of Hamilton County. During our inquiry with the Administrator she suggested the afternoon count may have been 0 because the students might have been released a little bit early. The Administrator stated if it was 2:00 p.m. this would have been a huge problem, but since it was 2:50 p.m. when the AOS returned, she did not have a problem with the student head count being 0.
 - The Administrator also noted that the student population is very transient and plagued with truancy.
 - The Administrator stated the Power School software indicated there was a total of 53 students present on October 1, 2014.
 - The Administrator explained that she is the Administrator for both Life Skills Center of Hamilton County and Life Skills Center of Cincinnati and that the 2 schools share teachers, but the Board Members and sponsors are different.
 - The Administrator also indicated that the Center’s school year consists of 184 days, five hours a day, four days a week, year round. She further stated that generally at this location attendance is higher in the afternoon than in the mornings.
- The Auditor of State’s office made an unannounced follow-up visit on Wednesday, November 12, 2014.
 - AOS performed a head count at 1:00 p.m. accounting for 17 total students in the school.
 - At the end of the count, the auditors were met by the Administrator. The Administrator indicated 1:00 p.m. was too late to show up to provide an accurate count for the day. The Administrator explained that several students attended in the morning to obtain their 5 hour requirement.
 - The Administrator indicated during the October 1, 2014 count that most students attend in the afternoon after 1:00 p.m.

CATEGORY 1
LIFE SKILLS CENTER OF CINCINNATI (IRN: 133785)
HAMILTON COUNTY
(Continued)

- Based on review of the latest available Sponsorship Contract on ODE’s website for the period May 28, 2013 through June 30, 2015, it indicates the Center offers a blended learning model.
 - The educational program in Attachment 6.3 of the Sponsorship Contract outlines blended learning opportunities for all students.
 - However, based on our interview with the Administrator, in practice the Center is not utilizing a blended learning approach. The Center is functioning as a classroom based school.
 - Changes to the educational plan have to be made in writing and approved by the Sponsor.
 - The Center needs a minimum enrollment of 50 students.

Management Company Response:

The Life Skills Center of Cincinnati is a dropout recovery school that serves an at-risk student population including students who are young parents, pregnant, or involved with the criminal justice system. Their attendance is poor and many of our graduates drop out and re-enroll up to five times before graduating. In an effort to improve attendance the School offers a flexible daily schedule, which allows students to complete five hours of educational curriculum. When students stop attending, home visits are made.

When students stop attending, the school loses funding for that student under the 105 hour rule. Despite these obstacles, hundreds of students have graduated from the Life Skills Center of Cincinnati. The Board has been informed that the School’s attendance report indicates that 53 students were in attendance on October 1st. In addition, the School received payment in October for a total of 118.60 students instead of the 127 students used in the Auditor Report. If the corrected data is used, the variance on October 1 would have been 55% instead of the 83% variance noted by the Auditor. The Board of Directors will continue to work with School administration and its sponsor to monitor and improve student attendance and to offer educational services to its at-risk student body.

AOS Conclusion:

ODE indicated the EMIS Head Count for October 1, 2014, was 127 students as of October 16, 2014. Community schools have up to 30 days to make adjustments to this information in EMIS. Although requested, ODE did not provide AOS with the final October 1, 2014, EMIS head count data (i.e., after the 30 day window to adjust data was had ended). AOS considers these variances to be unusually high particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school’s sponsor for further investigation.

Sponsor’s Response:

We received the following response from Dave Cash of Charter School Specialists addressing our head count on October 1, 2014 at Life Skills Center of Cincinnati:

Life Skills Center of Cincinnati had a 42.5% attendance rate last year and so far this year they are reporting a 28% attendance rate. The report from the school show there were a total of 53 students showing attendance on the date of the auditor visit. The headcount reported by ODE October 1st was 127. The school was paid for 118.60 FTE for Oct and 130.31 FTE for Nov. The headcount of October 1st surpassed the attendance rate of 28% that they are currently showing. The attendance rate according to attendance software was at 41% the date of AOS’ visit.

CATEGORY 1
LIFE SKILLS CENTER OF CINCINNATI (IRN: 133785)
HAMILTON COUNTY
(Continued)

Also of note is that the students are in school 5hrs per day instead of 4.5. All Life Skills Schools go by a 5hr 4 day week. In the assessment by the Auditor of State it was noted that the school administrator suggested that the students may have been allowed to leave early during the afternoon session. There is no provision in the charter to allow students to leave early without a legitimate excuse. We have addressed this issue with the school superintendent and will require a corrective action plan from the Governing Authority to ensure that the school administrator clearly understands the requirements related to attendance. The Sponsor will monitor to make sure that the tenets of the CAP are implemented.

**CATEGORY 1
LIFE SKILLS CENTER OF YOUNGSTOWN (IRN: 133801)
MAHONING COUNTY**

SPONSOR: ST. ALOYSIUS
 TREASURER: JEFFREY FOSTER, WHITE HAT MANAGEMENT
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: RUTHANN SMITH-HARRIS
 SUPERINTENDENT: MARGARET MARY FORD

PHYSICAL ADDRESS: 3405 MARKET ST.
 YOUNGSTOWN, OHIO 44507

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
30*^	180	(150)	(83%)	169	(139)	(82%)	183	(153)	(84%)
* The Center did not provide absence information for October 1, 2014. ^The AOS Head Count accounted for 30 students physically present at the school on October 1, 2014. The 53 shown below represents the total number of students that signed on and attended at some point during the day on October 1, 2014, as indicated by the Center's system-generated report provided to AOS on October 7, 2014.									
53	180	(127)	(71%)	169	(116)	(69%)	183	(130)	(71%)

- The Auditor of State's office interviewed the Administrator on October 7, 2014. The Administrator indicated the attendance is low when weather is bad and when Youngstown City School District (CSD) is off for the day, as students of Life Skills think they are off too, even though Life Skills doesn't follow CSD closure days.
 - Based on system reports the Administrator provided, the number of students logged in for October 1, 2014 on the Ingenuity software equaled 53.
 - The Administrator indicated she wasn't surprised by the attendance number of 53, but wouldn't commit to an average number of daily school attendance.
- The Administrator indicated the AOS head count was also low because the count was conducted early that morning and a lot of students came later in the day to get their 5 hours.
- The Administrator also indicated the school has blended learning students that we wouldn't have accounted for on October 1, 2014. The 53 from the Center's system reports included the blended learning students that logged on October 1, 2014.
- Based on review of the latest available Sponsorship Contract on ODE's website for the period May 29, 2013 through June 30, 2015, it indicates the Center offers a blended learning model.
 - The educational program in Attachment 6.3 of the Sponsorship Contract outlines blended learning opportunities for all students.
 - Our interview with the Administrator also supports that the Center offers a blended learning model.
 - Changes to the educational plan have to be made in writing and approved by the Sponsor.

Management Company Response:

The Life Skills Center of Youngstown is a dropout recovery school that serves an at-risk student population. Its students face multiple obstacles to regular attendance including but not limited to competing work and family obligations. In an effort to improve attendance and improve access to education for its students, the School offers a flexible daily schedule which allows students to complete five hours of educational curriculum over multiple sessions each day. Additionally, the School offers blended learning which allows students to complete their education requirements remotely.

CATEGORY 1
LIFE SKILLS CENTER OF YOUNGSTOWN (IRN: 133801)
MAHONING COUNTY
(Continued)

At the time of the Auditor's head count, 23 students had logged in for blended learning. These students are not included in the Auditor's variance figures. Furthermore, the head count, which was taken during the morning session, does not take into account the students that attended the School in the afternoon. Lastly, the School only received funding for 166 FTE in October which means that even without considering the students that attended Life Skills Center of Youngstown in the afternoon of October 1st, the percent variance is only 68%.

As a result, the Board of Directors does not believe that the attendance snapshot taken on October 1st is representative of the School's typical attendance. In addition, the report fails to consider that the School is a dropout recovery school. The Board will continue to work with School administration and its sponsor to monitor and improve student attendance and to offer educational services to its at-risk student body.

AOS Conclusion:

As indicated in the summary table for the Life Skills Center of Youngstown above, AOS physically counted 30 students in attendance during its head count. AOS did, however, reflect the additional 23 students in row two of the table above, acknowledging the school had more than 30 students in attendance for that day due to its blended learning program. Also, ODE indicated the EMIS Head Count for October 1, 2014, was 183 students as of October 16, 2014. Community schools have up to 30 days to make adjustments to this information in EMIS. Although requested, ODE did not provide AOS with the final October 1, 2014, EMIS head count data (i.e., after the 30 day window to adjust data was had ended). AOS considers these variances to be unusually high, particularly in light of our additional analysis of the September 2014 FTE snapshot and October 1, 2014 EMIS head count information from ODE. AOS is referring this community school to ODE and the school's sponsor for further investigation.

Sponsor's Response:

We received the following response from Dave Cash of Charter School Specialists addressing our head count on October 1, 2014 at Life Skills Center of Youngstown:

Life Skills Youngstown had an overall attendance rate of 40.7% last year and are currently reporting 32% attendance rate. School attendance software shows 53 in attendance including blended learning on the date of the auditor visit. The information from ODE shows 183 student headcount reported however, the school was paid 166.33FTE in Oct and 166.41FTE in Nov. Thus the headcount of 53 on Oct 1st is within the 32% attendance rate. While attendance rates for drop-out recovery schools is generally poor considering the population, the numbers counted by AOS seem reasonable.

**CATEGORY 2
CITY DAY COMMUNITY SCHOOL (IRN: 134247)
MONTGOMERY COUNTY**

SPONSOR: EDUCATIONAL RESOURCE CONSULTANTS OF OHIO
 TREASURER: JESSE HEMPHILL
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: PAULA GRAHAM
 SUPERINTENDENT: PAULA GRAHAM

PHYSICAL ADDRESS: 318 S. MAIN ST.
 DAYTON, OHIO 45402

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
135*	165	(30)	(18%)	151	(16)	(11%)	151	(16)	(11%)
*The School indicated there were 11 students absent and 13 students tardy arriving after out count on October 1, 2014. The revised numbers accounting for the absence and tardy information are reflected in the following row:									
159	165	(6)	(4%)	151	8	5%	151	8	5%

- A written response received from the Principal dated October 10, 2014 indicates on October 1, 2014 the School had 154 students enrolled, with 11 absent and 13 tardy, arriving after the AOS head count was performed. The tardy students were late for various reasons including a late bus.
 - The AOS head count was performed at 9:15 a.m.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the School does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the School is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.

AOS Conclusion:

The absence and tardy information provided by the School would account for the variances noted above.

Sponsor’s Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 2
GATEWAY ACADEMY OF OHIO (IRN: 000938)
FRANKLIN COUNTY**

SPONSOR: EDUCATIONAL RESOURCE CONSULTANTS OF OHIO
 TREASURER: TERESA WOODS (NO LONGER WITH THE SCHOOL)
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: HYDIA GREEN
 SUPERINTENDENT: HYDIA GREEN

PHYSICAL ADDRESS: 4300 KIMBERLY PARKWAY N.
 3RD FLOOR
 COLUMBUS, OHIO 43232

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
52*	100	(48)	(48%)	101	(49)	(49%)	91	(39)	(43%)
*The Academy indicated there were 20 students absent on October 1, 2014. The revised numbers accounting for the absence information are reflected in the following row:									
72	100	(28)	(28%)	101	(29)	(29%)	91	(19)	(21%)

- A written response received from the Principal dated October 10, 2014 indicates on October 1, 2014 the AOS head count was taken during lunch so AOS was not able to take an accurate count as students could move about the building during that time.
 - While there may have been a risk of overlooking a couple of students in the hallway or restrooms, we believe our count was reasonably accurate.
 - AOS counted students in the lunchroom as part of the head count.
- The Principal also indicated of their total enrollment of 92 on October 1, 2014, 20 were absent, and 46 of the 92 were enrolled in APEX, which is a blended learning program, combining online and classroom education for the Academy students.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the Academy does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the Academy is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.

AOS Conclusion:

The absence information provided by the Academy would, in part, account for the initial variances noted. We recommend ODE follow up on the assertion made by the Academy however that it is operating a blended learning program. The Sponsorship Contract and Educational Program do not support the Academy is operating a blended learning model. Additionally, the Academy was not included on ODE’s ‘Self-Identified Blended Learning Programs’ listing as an Academy that notified ODE of their operation of a blended learning model. Additionally, AOS staff currently performing the financial audit of the Academy did not identify the Academy as having a blended learning model. As an additional note, we followed up with a phone call to the Academy on October 14, 2014 requesting the APEX log-in sheets, but the Academy did not return our call or otherwise provide the requested information.

**CATEGORY 2
GATEWAY ACADEMY OF OHIO (IRN: 000938)
FRANKLIN COUNTY
(Continued)**

Sponsor's Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 2
 GEORGE V. VOINOVICH RECLAMATION ACADEMY (IRN: 012042)
 CUYAHOGA COUNTY**

SPONSOR: EDUCATIONAL RESOURCE CONSULTANTS OF OHIO
 TREASURER: DAVE MASSA
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: JENNIFER MORRISON
 SUPERINTENDENT: GAMAL D. BROWN

PHYSICAL ADDRESS: 11801 BUCKEYE RD.
 CLEVELAND, OHIO 44120

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
59*	115	(56)	(49%)	101	(42)	(42%)	107	(48)	(45%)
*The Academy did not provide absence information for October 1, 2014.									
Note: There are two separate charter schools using the same building. Both the George V. Voinovich Reclamation Academy and the Langston Hughes High School are under one roof. The numbers above are strictly related to the George V. Voinovich Reclamation Academy and do not include Langston Hughes High School numbers.									

- A written response received from the Superintendent dated October 9, 2014 indicates the Academy is accounting for students on a daily basis through strict attendance measures, truancy initiatives and monitoring student admissions and withdrawal.
- The Superintendent stated that the enrollment count in the EMIS data base accounted for 115 students at the close of fiscal year 2014. The Superintendent stated that the Academy withdrew 35 students who either graduated after summer OGT scores were returned in July 2014, or who were in violation of the 105 hour rule of non-attendance. However, the Academy also enrolled 79 students since August 1, 2014.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the Academy does not offer a blended learning model.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the Academy is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.

AOS Conclusion:

The Academy operates a dropout recovery program. We recommend ODE perform a review of the Academy and the appropriateness of its attendance rate and reported FTEs.

Sponsor’s Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 2
HORIZON SCIENCE ACADEMY DAYTON HIGH SCHOOL (IRN: 011534)
MONTGOMERY COUNTY**

SPONSOR: BUCKEYE COMMUNITY HOPE FOUNDATION
 TREASURER: RAMAZAN CELEP – CONCEPT SCHOOLS INC.
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: HAKAN BAGCIOGLU
 SUPERINTENDENT: UGUR ZENGINCE

PHYSICAL ADDRESS: 250 SHOUP MILL RD.
 DAYTON, OHIO 45415

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
306*	342	(36)	(11%)	389	(83)	(21%)	331	(25)	(8%)
*The Academy indicated there were 28 students absent on October 1, 2014. The revised numbers accounting for the absence information are reflected in the following row:									
334	342	(8)	(2%)	389	(55)	(14%)	331	3	1%

- A written response received from attorneys of the Academy dated October 7, 2014 indicates 28 students were absent on 10/1/14.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2010 through June 30, 2015, the Academy does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the Academy is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.

AOS Conclusion:

The absence information provided by the Academy in its letter dated October 7, 2014 would account for the variances noted above.

Sponsor’s Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Horizon Science Academy Dayton High School. ODE summarized the sponsor’s response and provided to AOS as follows:

Per the letter from Tim Clements, 28 students were absent on October 1, 2014.

**CATEGORY 2
LANGSTON HUGHES HIGH SCHOOL (IRN: 012038)
CUYAHOGA COUNTY**

SPONSOR: EDUCATIONAL RESOURCE CONSULTANTS OF OHIO
 TREASURER: DAVE MASSA
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: JENNIFER MORRISON
 SUPERINTENDENT: GAMAL D. BROWN

 PHYSICAL ADDRESS: 11801 BUCKEYE RD.
 CLEVELAND, OHIO 44120

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
42	93	(51)	(55%)	96	(54)	(56%)	100	(58)	(58%)
Note: There are two separate charter schools using the same building. Both the George V. Voinovich Reclamation Academy and the Langston Hughes High School are under one roof. The numbers above are strictly related to Langston Hughes High School and do not include George V. Voinovich numbers.									

- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the Academy does not offer a blended learning model.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the Academy is classroom based.
 - Any change to the educational program may not be made without written consent of the Sponsor.

AOS Conclusion:

The Academy operates a dropout recovery program. We recommend ODE perform a review of the Academy and the appropriateness of its attendance rate and reported FTEs.

Sponsor’s Response:

The sponsor did not provide additional information to AOS.

**CATEGORY 2
RICHARD ALLEN PREPARATORY (IRN: 133348)
MONTGOMERY COUNTY**

SPONSOR: OHIO DEPARTMENT OF EDUCATION
 TREASURER: BRIAN ADAMS – OHIO COMMUNITY SCHOOL CONSULTANTS
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: YOLANDA CLARK
 SUPERINTENDENT: MICHELLE THOMAS

PHYSICAL ADDRESS: 627 SALEM AVE.
 DAYTON, OHIO 45406

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
148*	206	(58)	(28%)	164	(16)	(10%)	159	(11)	(7%)
*The Academy did not provide absence information for October 1, 2014.									

- The Treasurer responded in an email dated October 7, 2014 and explained that ODE funds schools from July to September based on enrollment as of June. He further explained that student enrollment can fluctuate significantly from one year to the next and the Academy is not able to change the enrollment prior to ODE opening up the SOES system in September. He stated that actual enrollment is updated in the October reports.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2012 through June 30, 2014, the Academy does not offer a blended learning model.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the Academy is classroom based.
 - Any change to the educational program must be made in writing and approved by the Sponsor.

AOS Conclusion:

We recommend ODE perform a review of the Academy and the appropriateness of its attendance rate and reported FTEs.

Sponsor’s Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Richard Allen Preparatory. ODE summarized the sponsor’s response and provided to AOS as follows:

Per the sponsor, the school had a drop in enrollment from the prior school year. That, coupled with the fact that on 10/1, there were nine or ten students absent that day, accounts for the difference.

**CATEGORY 2
SCIOTOVILLE COMMUNITY SCHOOL (IRN: 143644)
SCIOTO COUNTY**

SPONSOR: THOMAS B. FORDHAM FOUNDATION
 TREASURER: ANDREW RIEHL
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL: MICHAEL DUANE YEAGLE
 SUPERINTENDENT: RICK BOWMAN

PHYSICAL ADDRESS: 224 MARSHALL ST.
 PORTSMOUTH, OHIO 45662

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
273*	319	(46)	(14%)	316	(43)	(14%)	314	(41)	(13%)
*The School indicated there were 23 students absent, seven students were tardy arriving after the AOS head count, three students left early before the AOS head count, and nine students were involved in outside programs or an In-School-Suspension (ISS) room that was missed in our count. The revised numbers accounting for this additional information are reflected in the following row:									
315	319	(4)	(1%)	316	(1)	0	314	1	0

- A written response received from the Superintendent dated October 7, 2014 indicates the starting enrollment was 315 for fiscal year 2015 and 23 students were absent, seven students were tardy, arriving after our count at 9:18 a.m., three students left early before 9:00 a.m. and the remaining nine students were involved in outside programs, or an ISS room that was missed in our count.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2015, the School does not offer a blended learning model, but rather is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the School is classroom based.
 - Any change to the educational program can be made by the School or Sponsor in the interim, pending subsequent approval by all parties.

AOS Conclusion:

The absence, tardy, and other information provided by the School would account for the variances noted above.

CATEGORY 2
SCIOTOVILLE COMMUNITY SCHOOL (IRN: 143644)
SCIOTO COUNTY
(Continued)

Sponsor's Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Sciotoville Community School. ODE summarized the sponsor's response and provided to AOS as follows:

The sponsor contacted the school and confirms that the information provided by the school to the AOS in its 10-7-14 letter is accurate: 315 was Oct SOES enrollment; 273 head count; 23 students absent; 7 tardy; 3 left early; 2 PSEO; 3 in alternative school; 2 in after-school alternative instruction; 2 students in a room not counted.

**CATEGORY 2
SUMMIT ACADEMY YOUNGSTOWN (IRN: 000623)
MAHONING COUNTY**

SPONSOR: EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
 TREASURER: STEPHANIE ATAYA – SUMMIT ACADEMY MANAGEMENT
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL:
 SUPERINTENDENT: DEBRA LEA SKUL
 PHYSICAL ADDRESS: 144 N. SCHENLEY AVE.
 YOUNGSTOWN, OHIO 44509

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
157*	185	(28)	(15%)	208	(51)	(25%)	205	(48)	(23%)
*The Academy did not provide absence information for October 1, 2014.									

- A written response received from management dated October 8, 2014 indicates there are 4 additional physical locations where students are taught that we did not visit on October 1, 2014. Based on our subsequent inquiries with ODE and the Academy’s sponsor, we learned that these locations are children residential centers (CRCs) where the Academy is educating on site. The written response from management summarized FTEs for all of its locations, including a FTE of 159.29 at the 144 N. Schenley Avenue location where we did perform the head count, and a combined FTE of 25.71 at the four CRCs we did not visit.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2014, the Academy does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the School is classroom based.
 - Any change to the contract regarding method of learning has to be reported in writing to the sponsor.

AOS Conclusion:

We recommend ODE perform a review of the Academy and the reasonableness of its attendance rate and reported FTEs. We also recommend ODE determine whether the physical locations of the CRCs are required to be documented within OEDS. Currently the locations of the CRCs are not included.

Sponsor’s Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Summit Academy Youngstown. ODE summarized the sponsor’s response and provided to AOS as follows:

Per the sponsor and school, Summit Academy enrolls quite a few students who are in residential treatment facilities. These are not annexes of the school, but students’ homes, albeit temporary. SAY provides instruction there.

**CATEGORY 2
SUMMIT ACADEMY SECONDARY SCHOOL – YOUNGSTOWN (IRN: 000303)
MAHONING COUNTY**

SPONSOR: EDUCATIONAL SERVICE CENTER OF LAKE ERIE WEST
 TREASURER: STEPHANIE ATAYA – SUMMIT ACADEMY MANAGEMENT
 ADMINISTRATOR/
 DIRECTOR/PRINCIPAL:
 SUPERINTENDENT: DEBRA LEE SKUL

PHYSICAL ADDRESS: 1400 OAK HILL AVE.
 YOUNGSTOWN, OHIO 44507

AOS HEAD COUNT	JULY 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE SEPT 2014 FTE	VARIANCE	PERCENT VARIANCE	ODE OCT 1 st HEAD COUNT	VARIANCE	PERCENT VARIANCE
143*	224	(81)	(36%)	239	(96)	(40%)	269	(126)	(47%)
*The Academy did not provide absence information for October 1, 2014.									

- A written response received from management dated October 8, 2014 indicates there are 4 additional physical locations where students are taught that we did not visit on October 1, 2014. Based on our subsequent inquiries with ODE and the Academy’s sponsor, we learned that these locations are children residential centers (CRCs), where the Academy is educating on site. The written response from management summarized FTEs for all of its locations, including a FTE of 130 at the Shady Run Road location and a FTE of 23 at the Oak Hill Avenue location, both of which locations we did perform the head counts at on October 1, 2014. The written response also summarized a combined FTE of 73.91 at the four CRCs we did not visit.
- Based on review of the latest available Sponsorship Contract on ODE’s website for the period July 1, 2013 through June 30, 2014, the Academy does not offer a blended learning model, but rather it is classroom based.
 - The Sponsorship Contract speaks to the concept of blended learning to be allowed, if supported by the educational program. However, the educational program supports that the School is classroom based.
 - Any change to the Contract regarding method of learning has to be reported in writing to the Sponsor.

AOS Conclusion:

We recommend ODE perform a review of the Academy and the reasonableness of its attendance rate and reported FTEs. We also recommend ODE determine whether the physical locations of the CRCs are required to be documented within OEDS. Currently the locations of the CRCs are not included.

CATEGORY 2
SUMMIT ACADEMY SECONDARY SCHOOL – YOUNGSTOWN (IRN: 000303)
MAHONING COUNTY
(Continued)

Sponsor's Response:

ODE contacted the sponsor in regards to our head count on October 1, 2014 at Summit Academy Secondary School -Youngstown. ODE summarized the sponsor's response and provided to AOS as follows:

Per the sponsor and school, Summit Academy enrolls quite a few students who are in residential treatment facilities. These are not annexes of the school, but students' homes, albeit temporary. SAY provides instruction there.

9. USE OF REPORTS AND OTHER DATA SOURCES

To complete this report, auditors gathered and assessed data from the selected community schools and conducted interviews with community school personnel, ODE, and sponsors. Data from external sources was not examined for reliability.

Auditors also used the following governing sources to assist in our review:

- Ohio Revised Code
- Ohio Administrative Code
- FY 2014 ODE EMIS Manual⁷
- FY 2014 ODE SOES Manual revised August 2014²

10. CONCLUSION

AOS recommends ODE request the sponsors review and investigate the schools with large or unusual variances between the AOS head count and their reported EMIS enrollment information to ODE. This review should include a review of student files to ensure the students a community school reports for funding purposes are properly enrolled. AOS also recommends ODE consider subjecting the community schools noted in this report as having large or unusual variances to a FTE Review to determine whether the community schools' practices are in compliance with Ohio community school enrollment statutes and rules.

AOS is reviewing its regular community school financial audit procedures to determine whether there are more effective, cost-efficient tests of community school enrollment that auditors could perform for fiscal year 2014-2015 and subsequent audit periods.

The AOS office extends its gratitude to the State Board of Education, the ODE, and the many community schools, management companies, and sponsors throughout the State that supported and cooperated with this review.

11. VIEWS OF RESPONSIBLE SCHOOL OFFICIALS

The schools and their sponsors were provided an opportunity to respond to this report. Their responses were evaluated and changes were made to this report as AOS deemed necessary.

Community school and sponsor responses can be obtained by contacting the community schools and sponsors listed in section 8 of this report.

⁷ The FY 2015 EMIS and SOES Manuals were not available as of the date of this report. Therefore, AOS relied upon the FY 2014 manuals, along with interviews of ODE personnel.

12. MATTERS FOR FUTURE STUDY

AOS identified the following matters for possible reform during its student head count and other audit work with community schools. While we cannot support specific findings, AOS believes these are high-risk areas that should be examined further for possible legislative and policy reform.

- **Temporary Assistance for Needy Families (TANF)** – As part of maintaining certain benefits under the Federal TANF program and in lieu of working, students must remain enrolled in school. During our interviews of the Category 1 community schools, management explained the challenges they face daily with non-attendance of students. Frequently, particularly among DORP schools, students will attend the bare minimum number of required hours to remain enrolled in school but fail to actively participate in learning opportunities in an effort to maintain TANF benefits and avoid working.
- **ODE Notification of Suspension and Closure** – Upon suspension or closure of a community school, ODE notifies various internal and external offices such as the ODE Office of Grants Management, Ohio Office of Budget and Management (OBM), AOS, State Teachers Retirement System (STRS), etc. so that these offices can take the appropriate actions to suspend funding, collect outstanding receivables, or initiate close out reviews. The timeliness of the ODE notification is critical to achieving successful outcomes in these areas and protecting the public interest.

Over the past year, AOS has been working diligently with ODE to reconcile the open, suspended, and closed status for each community school. As part of that process, AOS identified a number of suspended or closed community schools for which ODE never sent notifications or the status notification sent by ODE was incorrect (e.g., the notification identified the wrong closing date, indicated a school was suspended when in fact the school had closed, etc.).

Ohio has roughly 380 open community schools, making Ohio one of the larger states the nation in terms of the number of active community schools operating within the State. During the 2014-2015 school year alone, 16 community schools closed and 12 new community schools opened.

While it is beyond the scope of AOS to quantify the extent of this problem, at least in some instances, ODE's failure to notify certain offices and agencies has resulted in public monies continuing to flow to community schools when such funding should have been suspended or terminated.

- **Compensation of Receivers Assigned When a Community School Closes** – Ohio Rev. Code §2735.01(E) authorizes the court to appoint a receiver when a corporation has dissolved, is insolvent, or is in imminent danger of insolvency, or has forfeited its corporate rights. Generally, the assets of the receivership would be used to pay the receiver's expenses; however, closed community schools often have no assets remaining. If the community school is insolvent, this can then become an issue if the court order appointing the receiver doesn't include provisions for who is going to pay the receiver. If there isn't a provision for the receiver to be paid for their services, a receiver may petition the court to vacate their position. This can lead to significant delays in the completion of close out procedures and distribution of assets for a closed community school as well as an inability to obtain records for audit.
- **Responsibilities in Vetting New Community School Applications** – Ohio Rev. Code §3314.03 provides specifications of contracts between sponsors and the governing authority of the community school, including 26 items that need to be specified in the contract. Additionally,

Ohio Rev. Code §3314.19 requires various annual assurances from the sponsors to ODE, one of which being that the school has met all of the sponsor’s requirements for opening and any other requirements of the sponsor.

While statutes define the expectations of a community school start up, it does not explicitly define minimum standards for the sponsor, or any other group, to vet the applications they receive (*refer to section 4 of this report for additional discussion about segregation of duties*). For example, Ohio Rev. Code §3314.03(A)(15) requires a financial plan detailing an estimated budget for each year of the period under contract and specifying the total estimated per pupil expenditure for each year. Additionally, Ohio Rev. Code §3314.03(A)(2) requires the educational program of the community school to include the school’s mission, the characteristics of the students the school is expected to attract, the ages and grades of students, and the focus of the curriculum. However, despite these requirements, AOS observed a broad spectrum of detailed provided within the community school contract and educational plan around these areas. Sponsor contracts appeared to meet the minimum requirements in all cases, but some educational plans were much more informative than others. Additionally, some sponsors provided detailed descriptions of their community school application and vetting process on their website for greater transparency to the public.

Minimum legislative standards would help ensure sponsors more consistently and transparently vet community school applications, ensuring they are comprehensive and the assumptions made are reasonable for the start up. In a like manner, scrutinizing the educational program of the school to ensure that the school’s mission and focus of the curriculum and delivery methods are well defined, and do not consist of overly broad or boilerplate language.

13. GLOSSARY

This glossary defines the terms used throughout this report. The definition of these terms was derived from various sources including, but not limited to, statute and ODE Manuals and Handbooks.

Attendance – participation in learning opportunities provided by a community school as defined in the community school’s contract with its sponsor. This would include log in by a student enrolled in an E-School. It does not include days on which only the following activities occur: enrollment, testing, or orientation.

Blended Learning – Blended learning is the permissible delivery of educational instruction for site-based community schools. “Blended learning” means the delivery of instruction in a combination of time in a supervised, physical location away from home and online delivery where the student has some element of control over time, place, path, or pace of learning. Community schools that offer blended learning are permissible under the law (Ohio Rev. Code §3301.079 (J)(1)).

Enrollment – As defined in Ohio Rev. Code §3314.08 (L)(2) ,a student shall be considered to be enrolled in a community school during a school year for the period of time beginning on the later of the date on which the school both has received documentation of the student’s enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor or 30 days prior to the date on which the student is entered into EMIS. (This means that enrollment for a year cannot be on the first day of offered instruction if the student did not attend on the first day and did not have an excused absence. There can be no carryover of the 105-hour rule from a previous school year or after a withdrawal.)

E-School – A community school where students receive instruction in Internet- and Computer-Based Community School (see Legal Considerations) and where a student is taking its defined courses. A community school where students take correspondence courses is not an E-School.

FTE: Full-time equivalency – That portion of the school year a student was educated, as determined by the number of either days or hours of instruction provided to a student during a school year divided by its annual membership units (the total number of either days or hours of instruction which a community school must provide during a school year in accordance with its contract with the sponsor, as listed in the community school’s entity profile within EMIS).

Head Count – The number of students enrolled in a community school, on either a full- or part-time status, at any a particular point in time.

Site-Based Community School – A community school where its students receive instruction in a brick-and-mortar facility.



Dave Yost • Auditor of State

REPORT ON COMMUNITY SCHOOLS ATTENDANCE COUNTS STATEWIDE

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 22, 2015