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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 9, 2014

Carmen Fariña
Chancellor
New York City Department of Education
Tweed Courthouse
52 Chambers Street
New York, NY 10007

Re: Accuracy of Reported Discharge Data
Report 2014-F-4

Dear Chancellor Fariña,

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article III, Section 33 of the General Municipal Law, we have followed up on the actions taken by New York City Department of Education (DoE) officials to implement the recommendations contained in our audit report, *Accuracy of Reported Discharge Data* (2009-N-9).

Background, Scope and Objectives

Under the federal No Child Left Behind Act of 2001, the New York State Education Department (SED) accumulates a variety of performance measures, such as graduation and dropout rates, and prepares an annual report card for each public high school in New York State. The report card enables parents to see the data for their child's school so they can compare it with data from other schools in the State. The report cards are based on information furnished by the school districts. To ensure that report card results are reported uniformly, making it possible to compare them with results generated at other schools, SED prescribes the methodology school districts should use to accumulate information and defines the terms used in the reporting system.

Students who drop out of school must be properly distinguished from students who are discharged, because discharged students are not counted when a school's graduation/dropout rate is calculated. According to SED guidelines, graduation and dropout rates are to be calculated for certain defined cohorts of students (i.e., students who entered the ninth grade in the same year and are therefore expected to graduate from high school in the same year). Thus, the 2008-12 cohort would consist of the students who entered the ninth grade in 2008 and were expected to graduate four years later in 2012. According to DoE, the City's 2008-12 general education

cohort had a total of 83,358 students, of whom 50,826 graduated, 14,029 were still enrolled after four years, 11,786 were discharged, and 6,717 dropped out.

Our initial audit report, which was issued March 29, 2011, found that DoE classified some students as discharged without sufficient documentation under SED guidelines to support a discharge classification. Specifically, when we examined DoE's discharge classifications for its 2004-08 general education cohort (i.e., the students who entered ninth grade in 2004 and were expected to graduate four years later in 2008), we found that 74 of the 500 (14.8 percent) randomly selected students who were classified as discharged were not supported with required documentation, and all 74, therefore, should have been classified as dropouts. By classifying them as discharged, DoE's reported graduation rate was higher than the actual rate and the reported dropout rate was lower than actual. The objective of our follow-up was to assess the extent of implementation, as of August 5, 2014, of the three recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that DoE officials have made significant progress in addressing the issues identified in our initial report and have implemented the report's three recommendations. However, DoE needs to continue its efforts to improve the accuracy of its discharge classifications, and hence its dropout and graduation rates.

Follow-up Observations

Recommendation 1

Ensure that DoE discharge guidelines are fully aligned with SED regulations.

Status – Implemented

Agency Action – Our audit report cited two areas where DoE's Transfer and Discharge Guidelines (Guidelines) were not aligned with SED's. SED guidelines require that students enrolled in a GED program not approved by the State be classified as dropouts. At the time of our audit, the DoE classified students enrolled in all GED programs as transfers, including those going to non-State approved GED programs. Now DoE's approved list of GED programs is aligned with SED's, and students attending non-State approved GED programs are properly classified as dropouts.

The second difference between DoE guidelines and SED regulations that we found during the audit concerned DoE's guidelines for students who transferred to another high school in the United States. At the time of our audit, SED regulations required the sending high school to obtain written confirmation of enrollment from the new school. However, under DoE's guidelines, other information, such as verbal information from a neighbor or purported relative of the transferred student, was sufficient verification of the transfer. We found that DoE now requires written confirmation from the new school documenting

current enrollment.

Recommendation 2

Instruct all schools to adhere to the SED regulations for discharge classifications, and provide training in the regulations for the school staff who administer discharges.

Status- Implemented

Agency Action – DoE notified school employees through an online bulletin board (Principal Weekly) that all schools must comply with the Guidelines regarding discharge classifications. This included 12 Notices sent between September 2012 and March 2014. DoE also provided live training for school staff that included audit procedures for the cohort count at the start of the year; documentation of discharges; and research of attendance records to confirm that discharge dates are correct. DoE officials provided us with copies of the agendas of a series of training sessions, “Understanding Discharges and Attendance Policy Updates,” as well as sign-in sheets for school staff who attended those sessions held between October and November 2013.

Recommendation 3

Conduct periodic reviews of discharge classifications to determine whether they are being made and documented in accordance with SED regulations.

Status – Implemented

Agency Action – Two audits of discharge classifications have been performed since the issuance of our initial report on March 29, 2011. An audit conducted by DoE’s Office of the Auditor General, issued February 23, 2012, found that 326 of the sampled 2,322 student discharges (14 percent) lacked adequate documentation. This figure is a little lower than what was reported (14.8 percent) in our audit report covering the 2004-2008 cohort. A later audit, dated December 28, 2013, by an independent public accounting firm also found errors in discharge classification. We believe that DoE needs to continue its efforts to improve the accuracy of its discharge classifications, and hence its dropout and graduation rates.

Major contributors to this report were Sheila Jones, Jeffrey Marks, and Adefemi Akingbade.

We thank the management and staff of the New York City Department of Education for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Michael Solomon
Audit Manager

cc: Danya Labban, DoE
Mary Coffey, DoE
Samilda Perez-Villannueva, DoE
George Davis, Mayor's Office