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Janice Mueller
State Auditor

DATE: April 10, 2007

TO: Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*
State Auditor

SUBJECT: Proposed Audit of the Student Achievement Guarantee in Education Program—
Background Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering an audit of the Student Achievement Guarantee in Education (SAGE) program. The SAGE program was created by 1995 Wisconsin Act 27 and began in the 1996-97 school year. It is intended to improve student achievement through four strategies:

- limiting kindergarten through third grade class sizes to no more than 15 students;
- keeping schools open every day for extended hours and using school facilities as community centers;
- providing a rigorous academic curriculum designed to improve pupil academic achievement; and
- improving staff professional development and evaluation practices.

During the 2005-06 school year, 495 schools and approximately 93,000 students participated in the SAGE program, which is administered by the Department of Public Instruction (DPI). The program is entirely funded with general purpose revenue. Program expenditures totaled \$98.2 million in fiscal year (FY) 2005-06, and the program's budget is \$98.7 million in FY 2006-07.

School districts participating in the program annually receive \$2,000 for each low-income student enrolled in the program. In the 2007-08 school year, this per-pupil amount will increase to \$2,250, the statutorily established amount under 2005 Wisconsin Act 125. School districts enter into five-year achievement guarantee contracts with DPI that stipulate, among other items, how each participating school will meet the program's four strategies. DPI may renew contracts for additional five-year terms. In order for school districts to receive payment under a contract

renewal, any reductions in class sizes that were achieved under the original contracts must be maintained.

Concerns have been raised about DPI's administration of the SAGE program. In particular, there are concerns that SAGE schools may have exceeded the statutorily required size of classes, in some instances as a result of waivers or other forms of permission provided by DPI.

An audit of the SAGE program could include an analysis of:

- trends in program expenditures, including the amounts provided to individual school districts;
- trends in the number of schools and students, by grade level, who participated in the SAGE program;
- the reasons why some school districts have chosen to discontinue their participation in the SAGE program;
- provisions in the achievement guarantee contracts between DPI and participating school districts;
- how a sample of school districts throughout the state have spent their SAGE program funding;
- trends in the size of classrooms in SAGE schools, by grade level and subject, as well as the reasons the statutory classroom-size limit may have been exceeded in some instances; and
- DPI's administration of the SAGE program, including the extent to which it has granted waivers or implemented informal agreements for meeting the program's statutory requirements.

I hope you find this information helpful. If you have any additional questions regarding this request, please contact me.

JM/PS/bm

cc: Senator Julie Lassa	Representative Samantha Kerkman
Senator Russell Decker	Representative Kitty Rhoades
Senator Alan Lasee	Representative David Cullen
Senator Robert Cowles	Representative Joe Parisi

Representative Steve Kestell

Elizabeth Burmaster, State Superintendent
Department of Public Instruction