



A SPECIAL PERFORMANCE AUDIT _____

CLASSROOMS FOR THE FUTURE

**A PROGRAM ADMINISTERED BY THE
PENNSYLVANIA DEPARTMENT OF EDUCATION**

DECEMBER 2008

JACK WAGNER, AUDITOR GENERAL

**PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL
BUREAU OF SPECIAL PERFORMANCE AUDITS**

December 22, 2008

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
225 Main Capitol Building
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

Enclosed is our special performance audit of the *Classrooms for the Future* program administered by the Pennsylvania Department of Education, or PDE.

The audit covers the period of July 1, 2006, through June 30, 2008, with updates through November 2008, and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Classrooms for the Future is an innovative program designed to help Pennsylvania students increase their technological literacy, a necessary and vital job skill in our global economy. Based on our communications with participating school districts across the state, we found a high level of enthusiasm for the program. Specifically, officials from participating districts told us that students have benefited from the installation and use of the state-funded laptop computers; those same officials also said they could not envision their teachers and students now using only blackboards, pencils, and paper.

Areas that need improvement are primarily those related to PDE's administration of the program, particularly the lack of transparency regarding the selection of participating districts and the determination of grant awards. School district officials perceived inequities in PDE's administration, and we found a basis for these perceptions. We also found that, even though all but four districts who applied for grants eventually received at least partial funding, PDE did not do enough to cultivate the participation of the 50 districts who never applied, or of the four districts who did not reapply after their initial rejection.

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Overall, our report includes 15 recommendations to address our four findings. Our first recommendation is based on the fact that not all participating districts will have completed their implementation plans by the end of this fiscal year, in large part because of the lack of funding. Therefore, we recommend that PDE continue the program in fiscal year 2009-10 to finish implementing the program. In that way, PDE can then measure the effectiveness of full implementation and can also plan whether or how to continue *Classrooms for the Future* beyond fiscal year 2009-10.

Please note, however, that PDE must also demonstrate greater accountability with any funding that it receives for *Classrooms for the Future*. In fact, many of our remaining recommendations primarily address this issue as they relate to PDE's flaws in administering this important program. Therefore, we trust that you will direct PDE to follow our recommendations to ensure program integrity and accountability. Please let me know if I can provide you with further information to expedite these improvements.

Sincerely,

JACK WAGNER
Auditor General

Enclosure

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**Results
in
Brief**

The Pennsylvania Department of Education, known as PDE, should have been more transparent in its administration of the innovative *Classrooms for the Future* program, according to our audit report in the pages that follow. This special performance audit covered the period of July 1, 2006, through June 30, 2008, with updates through November 2008, and was conducted in accordance with generally accepted government auditing standards.

PDE's original goal was to put laptop computers in the classrooms of every public high school over a three-year period, for a total of \$200 million in taxpayer dollars—\$20 million in fiscal year 2006-07, and \$90 million in each of the following two years. However, the \$90 million budgeted for the third year (2008-09) was reduced to \$45 million, leaving some districts underfunded based on the amounts for which they had originally planned.

Because not all participating districts had completed their implementation plans at the time of the funding cut, we recommend that PDE continue the program in fiscal year 2009-10 to implement the program fully. In that way, PDE can then measure the complete program's effectiveness and can also plan whether or how to continue the program further.

Overall, we identified four findings and made 15 recommendations as the result of our audit. There is a common theme on which the findings and recommendations are based; specifically, there is a need for PDE to demonstrate greater accountability in administering this taxpayer-funded program.

- **In Finding One**, we discuss the fact that PDE eventually gave at least partial funding to all but four districts who applied for *Classrooms for the Future* grants. But we also explain that PDE compromised its accountability by evading public scrutiny in several ways, including not telling 145 or more districts why they were rejected initially, not following up with 50 districts who never

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applied, and hindering the expedited completion of this audit.

At the conclusion of Finding One, in addition to our recommendation that PDE should continue the program for fiscal year 2009-10, we recommend that PDE ensure that all Pennsylvania public school districts benefit from the program, not just those who applied, and be more publicly accountable regarding the program overall.

- In **Finding Two**, we report that PDE was not entirely open when telling schools that grantees were chosen based on competitive application scores, or that award amounts were based on a formula using enrollment figures. We also report that PDE did not tell schools exactly how or why it deviated from these criteria, thereby giving weight to concerns about the fairness of the process.

Our three recommendations related to Finding Two are, in summary, that PDE should (1) adhere to the results from its scoring methodology when selecting grant applicants or, alternatively, should explain whatever different criteria it uses, (2) adhere to a funding formula in deciding grant amounts, and (3) publish its decision criteria on its Web site and in all program materials.

- In **Finding Three**, we report that PDE took actions to verify that school districts purchased eligible equipment with their grants and protected the equipment against loss or theft. However, we also report that PDE did not go far enough in its actions, thereby making itself vulnerable to questions about the effectiveness of its monitoring.

Our six recommendations to accompany Finding Three can be summarized as follows: PDE should (1) require grantees to submit invoices for all equipment purchased with *Classrooms for the Future* dollars, (2) require each vendor to itemize the costs of equipment purchased so that PDE can better monitor the districts' expenditures,

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(3) enforce the reporting requirements it has placed on each district, (4) make a concerted effort to conduct at least one annual site visit to participating districts, (5) document each site visit, and (6) establish minimum security measures and then require all grantees to document their compliance with these measures.

- In **Finding Four**, we report that PDE has recognized the potential of *Classrooms for the Future* and has begun to measure results, but it has not really planned to sustain the program if positive results continue as expected. This weakness in planning affects program momentum and could jeopardize educational benefits already received.

Our three recommendations that follow Finding Four can be summarized as follows: PDE should (1) continue to measure and evaluate the improvements that, at least initially, show that *Classrooms for the Future* enhances teaching and learning, (2) plan additional technological equipment and training programs to offer to school districts, and (3) welcome continued independent reviews of *Classrooms for the Future* and also provide the General Assembly with comprehensive public updates.

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*Introduction
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Introduction and Background

In April 2008, the Pennsylvania Department of the Auditor General began this special performance audit of *Classrooms for the Future*, an educational reform initiative administered by the Pennsylvania Department of Education, known as PDE.

PDE's ultimate goal for *Classrooms for the Future* can be summarized simply: successful students. As a means to meet that goal, PDE adopted a shorter-term (three-year) goal to put laptop computers in every Pennsylvania public high school classroom in which students are taught the core subjects of English, math, science, and social studies.

Putting laptop computers in all core classrooms will not automatically result in successful students. PDE recognizes that fact as evidenced by its emphasis on issues that go beyond equipment alone, such as requiring professional development courses for teachers and ensuring that technical and program support is in place.

As an independent audit agency accountable to Pennsylvania taxpayers, we focused our work on how PDE spent the millions of tax dollars that fund the *Classrooms for the Future* program. In order to evaluate those programmatic expenditures, we reviewed PDE's performance in selecting grantees, determining grant amounts, monitoring the grantees and their purchases/expenses, and planning for the program's continuation.

This special performance audit is the first such audit of *Classrooms for the Future*. We performed our work under the authority of The Fiscal Code (72 P.S. §§ 402, 403), and in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

This audit report presents information through November 2008. PDE provided us with information for the period covering July 1, 2006, through June 30, 2008, but we used public sources and also communicated directly with school districts to present information through November 2008.

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**Exactly how was the
Classrooms for the Future program created?**

When PDE prepared its fiscal year 2006-07 budget, it included a program request (PDE called it a program revision) under the heading of “Investing in Our Students’ Success.” One component of this program request was the introduction of the *Classrooms for the Future* initiative.

PDE’s request included the following explanation:

It is time to make technology as much a part of everyday learning as the textbook. This Program Revision recommends the *Classrooms for the Future* technology initiative to make every high school classroom in the Commonwealth a high-tech center of learning. Every high school classroom in the core subject areas of English, math, science and history will have an Internet-equipped laptop computer on each student desk and multi-media technology at the teacher’s fingertips.

Projected funding for the *Classrooms for the Future* program totaled \$200 million, of which \$20 million was budgeted for fiscal year 2006-07, and \$90 million was budgeted for each of the fiscal years 2007-08 and 2008-09. As we explain later in this report, the \$90 million budgeted for 2008-09 was later reduced to \$45 million.

**What were PDE’s stated purpose and goals of
the *Classrooms for the Future* program?**

The purpose of the program was to provide laptop computers, high-speed Internet access, state-of-the-art software, and

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intensive teacher training and support to Pennsylvania high school classrooms in which students are taught the core subjects of English, math, science, and social studies (these are known as eligible classrooms). The goal of the program called for every public high school to be a participant in *Classrooms for the Future* by 2009,¹ and for the program to transform and enhance how educators teach and students learn.

PDE's Web site listed additional goals, as follows:

- Improve teaching and learning in English, math, science, and social studies
- Change classroom practice
- Change student-teacher relationships
- Increase student engagement
- Make students responsible for learning
- Develop 21st century learning skills for students
- Increase academic achievement

Which school districts were eligible to participate in *Classrooms for the Future*?

Eligible participants included public school districts, comprehensive high school level area vocational technical schools, and career technical centers at the high school level that offered subject matter credit courses in English, math, science and social studies and that were accountable to the state for meeting adequate yearly progress requirements.² In addition, the eligible entities had to have a twelfth grade that was physically located within that school and, for accountability purposes, considered to be a part of that school.

¹ *Classrooms for the Future Shown to Positively Impact Students, Improve Learning Environment*, December 3, 2007, <http://www.pdenewsroom.state.pa.us/newsroom/cwp/view.asp?Q=132926&A=3>, accessed March 18, 2008, and verified on November 4, 2008.

² "Adequate yearly progress" is a federal term that means schools must meet achievement targets in reading and mathematics as well as in graduation, attendance, and test participation.

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PDE did not simply hand out the money to all public high schools; instead, as we discuss later, PDE developed a comprehensive application process. This process meant that schools had to document their needs, their implementation plans, and their ability to carry out those plans in accordance with PDE requirements. In that way, PDE sought up-front assurances for itself that grantees would understand expectations uniformly and be accountable to meet them. In that same way, PDE also set up a means by which it could justify the order in which school districts would be funded since not every district could be funded at once.

Despite the comprehensive application process, PDE made it easier for districts to participate in at least two ways. First, schools did not have to supply matching funds as often happens with government-funded programs. Second, grantees received the money from PDE to make their purchases without having to use their own funds up front and seek reimbursement later. By making the initial application process less cumbersome in these two ways, PDE further demonstrated the importance of program participation.

Please note that, throughout this audit, we use the term “school district” to generally mean the 501 public school districts³ plus the area vocational technical schools and career technical centers. We do delineate between the public schools and the other entities when specific statistics are available, using the term “vocational schools” to refer to both the area vocational technical schools and the career technical centers.

³ In early September 2008, two school districts in western Pennsylvania announced they will merge by the end of the 2008-09 school year. Until that time, the two districts are considered separate, accounting for our use of the number 501.

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What equipment were school districts allowed to purchase with *Classrooms for the Future* grants?

Each year the General Assembly appropriated General Fund monies for PDE to award as grants to school districts that applied to be part of *Classrooms for the Future*. Grantees were permitted to use these dollars to purchase the following equipment:

Allowable equipment per eligible *classroom*:

- one teacher laptop computer
- one laptop cart with up to 25 student laptop computers and 2 wireless access points
- one printer/scanner
- one web cam
- one electronic whiteboard
- one projector
- productivity software

Allowable equipment per eligible *school*:

- up to three digital still cameras
- up to five digital video cameras
- building infrastructure (one time only, up to \$6,000 per building)
- classroom technical assistance and support (one time only, up to \$250 per classroom)

School districts had to purchase this equipment from one of two vendors on contract with the Pennsylvania Department of General Services.⁴ In doing so, the school districts entered into contractual agreements with the equipment vendors through the districts' own business offices.

⁴ Two platforms were supported: Macintosh and Windows. The hardware for these platforms was awarded to Apple and CDW-G, respectively. Department of Education, *Classrooms for the Future, Grant Application/Guidelines*, http://www.edportal.ed.state.pa.us/portal/server.pt?open=512&objID=691&&PageID=202796&level=3&css=L3&mode=2&in_hi_userid=2&cached=true, accessed March 19, 2008, and verified on November 4, 2008.

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**What are the “professional development”
and “coaching” components
of *Classrooms for the Future*?**

In addition to equipping school districts with technological equipment, the *Classrooms for the Future* program also had provisions for the hiring of coaches and the professional development of teachers. PDE used both state and federal funds for this component of the program; the budgeted state funds totaled \$4 million for fiscal year 2006-07, \$11 million for fiscal year 2007-08, and \$15 million for fiscal year 2008-09.

More specifically, regarding the coaching component of the program, PDE granted each participating school \$30,000 yearly for a half-time “coach” to provide technical support and other assistance as necessary. These employees support the classroom teachers in integrating the laptops and other equipment into the daily lessons. All coaches must complete a training program, and schools can supplement the \$30,000 with their own money if they prefer to hire a full-time coach.

Regarding the professional development component of the program, PDE’s *Classrooms for the Future* grant handbook calls professional development “the most vital element and the key to success” for the program. Based on that importance, PDE requires the applicable administrators and teachers from each grantee to complete a minimum of 30 hours of on-line course work for each year the district received its *Classrooms for the Future* funding. Another professional development requirement for teachers and administrators is their attendance at two days (minimum) of hands-on training during the first year of program funding.

Although the requirement is for administrators and teachers to obtain the 30 hours of training for every year they participate in *Classrooms for the Future*, PDE allowed completion to take place over a two-year period. Therefore, because the first two-year time period had not yet ended by the time we conducted

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most of our audit work, we were unable to evaluate independently if the 30-hour requirement had been fulfilled by all those required to meet it. However, according to PDE-collected data, administrators and teachers from at least 71 of the 79 first-year school district grantees had at least *begun* the professional development courses by the end of calendar year 2007.

**Audit details,
plus questions and answers**

A more detailed explanation of our audit objectives, scope, and methodology is included in Appendix A of the report. In addition, a question-and-answer section about *Classrooms for the Future* is presented in Appendix D to provide readers with additional program background information not presented here.

Following is the Department of the Auditor General's evaluation of PDE's response to the Introduction and Background of this report. PDE's entire response to all findings appears in full beginning on page 78:

On December 12, 2008, PDE responded to the Introduction and Background section of this report by saying that the Auditor General has recognized the "tremendous success" of Classrooms for the Future and "that it be extended even beyond its original scope." However, PDE's response is not entirely accurate in several critical ways. First, nowhere in this report did we opine about the "tremendous success" of the program; instead, we very carefully noted in Finding One that, based on our discussions with and our visits to school districts, the program "has generated an enthusiasm for learning among school officials and students alike," and we offered some details about what some officials have told us. We also noted in Finding One

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that the program—only in its third year—is “still too new for its full effectiveness to be measured, and that measurement tools are still being developed.” Accordingly, it would have been imprudent for us to opine that the program has been a tremendous success or that it be continued beyond its original scope based on such an opinion.

*What we said specifically in Finding One is that “it is reasonable for PDE to seek continued funding in order to implement the program completely so it can achieve its full potential,” and our first recommendation at the end of Finding One is clearly consistent with that narrative. To repeat: We recommend that PDE continue Classrooms for the Future **in fiscal year 2009-10** so that all participating school districts can **complete** their program implementation.*

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Finding One

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**Finding One
Meeting the
goal to fund
all high schools**

Over three years, PDE eventually gave at least partial funding to all but four school districts who applied for *Classrooms for the Future* grants. However, PDE compromised its accountability by evading public scrutiny in the following ways: not telling 145 or more districts why they were rejected initially, not following up with 50 districts who never applied, and hindering the expedited completion of this audit.

We focus here on four distinct points from the finding above.

1. PDE eventually gave at least partial funding to all but four districts who applied for *Classrooms for the Future* grants.
2. PDE did not tell 145 or more districts why they were rejected initially.
3. PDE did not follow up with 50 districts who never applied.
4. PDE hindered the expedited completion of this audit.

As required by government auditing standards, we will show how our audit work provides reasonable assurance that evidence is sufficient and appropriate to support this finding, including our conclusion that PDE compromised its accountability by evading public scrutiny.

**Discussion point 1:
PDE eventually
gave at least partial
funding to all but
four school districts
who applied for
*Classrooms for the
Future* grants.**

PDE's goal for *Classrooms for the Future* was that "every public high school" would participate by 2009, meaning that core subject classrooms would have laptop computers for every student, and that districts would have the related equipment and professional development tools necessary for program success.⁵

⁵ *Classrooms for the Future Shown to Positively Impact Students, Improve Learning Environment*, December 3, 2007, <http://www.pdenewsroom.state.pa.us/newsroom/cwp/view.asp?Q=132926&A=3>, accessed March 18, 2008, and verified on November 4, 2008.

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Of the 501 Pennsylvania public school districts, 447 received *Classrooms for the Future* grants for one, two, or all three years of the program's existence. Those figures mean that 54 of the districts, or about 10 percent, did not participate.

The participation figures are important because taxpayers in every district paid for the program, yet not all districts benefited from it. It was similarly inequitable to taxpayers whose districts received smaller awards than others, or whose districts were funded for only one year while others were funded for two or three.

Although PDE did not meet its stated goal of having every public high school participate, PDE can fairly say it achieved close to 100 percent participation for every district that applied to participate. Of the 54 non-participating districts, 50 never applied, while the remaining 4 districts applied the first year, were rejected, and then did not apply again.

Based on our discussions and visits with school district officials whose schools participate in *Classrooms for the Future*, the program has generated an enthusiasm for learning among school officials and students alike. Administrators told us that students have benefited from the installation and use of the state-funded laptop computers and related educational tools; those same administrators could not envision their teachers and students now using only blackboards, pencils, and paper that, while adequate in the past, are not by themselves as conducive to the technologically enhanced interaction that takes learning to new levels.

We also found that, only in its third year, the program is still too new for its full effectiveness to be measured, and that measurement tools themselves are still being developed. Accordingly, it is reasonable for PDE to seek continued funding in order to implement the program completely so it can achieve its full potential.

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At the outset, PDE determined that funds of \$200 million were needed to fund the program for its first three years. Accordingly, PDE budgeted \$20 million for the fiscal year that would end June 30, 2007; \$90 million for the fiscal year that would end June 30, 2008; and another \$90 million for the fiscal year that would end June 30, 2009. As part of determining the figure of \$200 million, PDE said it surveyed the 501 Pennsylvania school districts to gauge their anticipated participation level. However, PDE could not provide us with the surveys or their results, and we therefore cannot verify what PDE did regarding school surveys and to what extent it may have used any results.

**Discussion point 2:
PDE did not tell 145
districts why they
were rejected
initially.**

Not only did PDE initially reject 145 school districts that applied for *Classrooms for the Future* grants without specifically explaining why, but it later awarded many of those districts less than it had originally planned.

During the first two fiscal years of *Classrooms for the Future*, PDE received its expected appropriations from the General Assembly of \$20 million and \$90 million, respectively. However, with the passage of the budget for the next fiscal year—2008-09—PDE received \$45 million, or half the amount it originally expected. Overall, then, PDE received a three-year total of \$155 million to fund *Classrooms for the Future*, not the \$200 million planned when the program began.

In the first year of the program, 194 school districts applied to PDE to share in the pool of \$20 million. As part of the application review process, PDE scored 189 of the districts while eliminating 5 others that did not attend mandatory pre-grant training.

Of the 189 scored districts, PDE subsequently selected 79 to receive grants that first year. The remaining 110 districts were rejected.

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Based on our interviews with PDE officials and our conversations with school districts, PDE did not volunteer specific reasons to rejected applicants telling them why they were not selected. PDE also would not provide specific reasons to our auditors. In Finding Two, we present a more detailed analysis of PDE's scoring and ranking of grant applications.

Most of the districts initially rejected applied again in the second year, the third year, or both years. Other districts applied for the first time in one or both of those years. Eventually, as we have stated, PDE at least partially funded all but four districts who had applied in the three-year period. However, PDE's practice of not volunteering specific reasons for denial—or for not letting districts know how their scores compared to other districts—was not viewed as helpful by the district officials with whom we spoke. These districts might have understood how to prepare their applications for earlier acceptance had PDE offered feedback.

The lack of feedback became especially significant in view of the ultimate effect on districts not funded until the third year. As a result of the 50 percent cut in appropriated funds for fiscal year 2008-09, and even though PDE partially funded all districts who applied, the grant awards on average were substantially reduced for new participants.

Average grant award amount for <u>new</u> school districts participating in the <i>Classrooms for the Future</i> program		
Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
\$253,034	\$274,527	\$124,690
Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008, and from the Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.		

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While each district's grant amount also depended on variables such as school enrollment and existing equipment, clearly the significant decrease in 2008-09 grant amounts was the result of the halved appropriation. PDE officials themselves acknowledged to us that the introductory funding was inadequate for the districts new to *Classrooms for the Future* in 2008-09.

In several school districts that received funding in prior years and still needed continuation grants in the third year, school officials told us that the funding cut prevented them from fully completing their implementation plans. For example, an official at one school district said that, in 2008-09, the district had anticipated it could equip 21 social studies and English classrooms with student laptops, teacher laptops, electronic whiteboards, and projectors. But because of the less-than-expected funding, the district had to change its implementation plans because it could afford only the teacher laptops, electronic whiteboards, and projectors, but not the laptops for the students.

In summary, PDE could not fully fund the *Classrooms for the Future* program over all three years because there were not enough funds to do so. Whether PDE could have done more to obtain the expected funding in the third year is open to question, as is the way in which PDE selected participants and calculated their grant amounts. These questions are discussed further in Finding Two. Also open to question is PDE's lack of follow-up with districts who did not apply, as we discuss next.

**Discussion point 3:
PDE did not follow
up with the 50
school districts that
never applied for
*Classrooms for the
Future* grants.**

As discussed previously, the participation level for *Classrooms for the Future* is important because students in all districts should have benefited from a program that their own taxpayers had funded. Therefore, given the fact that PDE's original goal was to have every school district participate, and given the positive comments from school district participants with whom we spoke, it was logical to question why 50 school districts never applied at all. It was

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also logical to question why the remaining 4 non-participating districts did not re-apply after PDE denied their grant applications the first year.

PDE did not provide us with the school surveys it said it conducted, so we researched these issues on our own by contacting all 54 districts to ask them about PDE's interaction. We succeeded in speaking to 47 of the 50 districts who never applied, as well as all four of the districts who applied in the first year but did not reapply after being rejected. Although we found logical explanations for non-participation, the question that lingers is to what extent PDE could have solicited these reasons for itself, explored them further, and interacted with the districts to determine if they needed further information or assistance in order to join the program.

In evaluating what the 47 school districts told us, we grouped them into four categories: districts that described their level of technology as already advanced; districts that described their level of technology as moderate; districts that described their level of technology as limited; and districts in which there was no high school.

- Twenty-eight districts described their existing technology as already being advanced and not necessarily in need of the program. These districts most frequently said they did not apply based on operational and budgetary concerns about sustaining the program after the initial funding stopped, followed by concerns about meeting the various program parameters set up by PDE, including professional development requirements. Some districts also said they believed in providing this technology first to their younger students—those in elementary and middle school—and to students outside of the core classrooms.

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- Twelve districts described their existing technology as moderate. They did not cite one particular reason more frequently than another, instead citing equal concerns about sustaining the program when state funding stopped and about following the required program parameters.
- Only three districts described their existing technology as limited. These districts presumably had the most need for the program. However, two districts said they were already implementing other initiatives; one of the two also cited laptop quality concerns and a belief that other districts had had problems implementing the program. The third district said its board rejected participation because the district could not afford funds for a needed new server.
- Four districts had no high school and therefore would not have been eligible for the program.

Of the four districts that did not reapply after being rejected in the first year, two described their technology as already advanced, one as moderate, and one as limited. The officials from all four districts said that PDE did not initiate contact with them to explain the initial rejections. The two “advanced” districts and the “limited” district did not apply again, citing concerns about how they could sustain the program if state funding stopped. The “moderate” district said it did not apply the second year because it heard from other districts about possible equipment and implementation problems. That same district completed an application for the third year and, in fact, contacted PDE with some questions; ultimately, however, the district’s board voted not to submit the application because of concerns about sustaining the program.

In response to our concern that PDE should have solicited and documented feedback directly from the districts who did not apply, PDE officials said that such a step was not necessary because they had a very good sense as to why districts had not applied. PDE’s sense was based on informal communications and anecdotal

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information, according to the officials, who also noted they could do only so much to convince districts to apply. For example, PDE said that not only did it announce the availability of its grants, but it also invited districts to regional meetings, held Web seminars, otherwise communicated over the Internet, and issued press releases and other communications. Overall, PDE indicated that it could not force districts to apply and that, ultimately, it accepted the non-participation of school districts even if it believed that participation was beneficial. In short, PDE stands by its judgment that it was not necessary to contact each school district personally and that to do so would have been a personnel-intensive task.

Before moving to the next discussion point, it is important to point out a positive aspect of PDE's performance. Specifically, every district we contacted was *aware* of the program—sufficiently aware, in fact, to exhibit more than just a passing familiarity with the details. Therefore, we can conclude that PDE was successful in ensuring that districts knew about the program.

**Discussion point 4:
PDE hindered the
expedited completion of
this audit.**

Generally accepted government auditing standards state this as part of the opening standard: “Auditing is essential to government accountability to the public.”⁶

Elsewhere in those standards, auditors are told they should “report any significant constraints imposed on the audit approach by information limitations or scope impairments, including denials of access to certain records or individuals.”⁷ As a related matter, the standards discuss external impairments to independence that occur when auditors are deterred from acting objectively by management of the audited entity, such as in management's “interference with the selection or application of audit procedures” or other such interference.⁸

⁶ Standard 1.01, *Government Auditing Standards, July 2007 Revision*, published by the Comptroller General of the United States, United States Government Accountability Office, Washington, D.C.

⁷ *Ibid.*, Standard 8.11.

⁸ *Ibid.*, Standards 3.10 and 3.10(b).

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In accordance with the preceding standards, we are citing our lack of access to certain information for this audit, such as PDE's completed scoring rubrics used to select grantees, the actual methodology for calculating grant amounts, and the surveys that PDE said it sent to school districts. All this information would have provided us with evidence of PDE's reasons for selecting or denying the grant requests of individual school districts.

PDE also resisted our attempts to complete this audit as quickly as we intended, and as quickly as we had been asked to do by members of the General Assembly (see Objectives, Scope, and Methodology in Appendix A). We summarize PDE's resistance in the bullets below:

- Refusal to provide written responses to our questions, at least initially.
- Interference with our selection and application of certain audit procedures. Specifically, refusal to provide written sign-offs, approvals, or other means of confirmation to verify the accuracy of our notes or summaries that documented our meetings and interviews.
- Refusal to discuss most data specific to the 2008-09 grant year.
- Inability to provide surveys of school districts.
- Restriction on access to records such as application scoring sheets for individual school districts, and specific documented reasons for deviating from the announced selection and funding processes.
- Restrictions on access to certain PDE personnel.
- Limitations on meeting dates, times, and duration; cancellation of meetings.
- Delay in responding to our initial information request.

PDE cited several causes for some of the preceding actions and/or conditions. We present PDE's claims next, along with our evaluation of them.

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- **PDE’s claim:** PDE explained that its infrequent meetings resulted because its management was “extremely busy” and had multiple responsibilities,⁹ particularly the pending passage of the 2008-09 state budget.
 - **Our response:** All state agencies were working under the same constraints, but PDE’s restricted access was atypical for an audited entity.

 - **PDE’s claim:** PDE officials suggested, especially initially, that our audit was begun only for political reasons rather than for the legitimate audit purpose of conducting an independent evaluation of the program. The officials said they had formed their position based on our explanation that leaders from the state Senate and House of Representatives had requested that we conduct the audit.
 - **Our response:** The Department of the Auditor General is an agency independent of both the General Assembly and the Governor’s office. We must reflect that independence in order to cite our compliance with generally accepted government auditing standards. We receive requests for audits from a variety of sources, including the general public, elected and non-elected officials, and others. We evaluate each request on its merit and on our workload.

 - **PDE’s claim:** Following PDE’s refusals to signify its written approvals to our meeting and interview notes, and in response to our subsequent suggestion that we would consider our meeting notes correct if PDE did not tell us otherwise by an established date, PDE called that suggestion “unreasonable” because of time restrictions.¹⁰ A Commonwealth official acting on behalf of PDE echoed

⁹ Letter dated May 14, 2008, from PDE to the Department of the Auditor General.

¹⁰ Letter dated May 14, 2008, from PDE to the Department of the Auditor General.

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that position by writing, “We’re not doing this. Not in this or any other audit.”¹¹

→ **Our response:** The use of written signoffs or other approval procedures between an audited entity and the independent auditor is a routine audit verification tool. Regarding our initial expedited time frame, that was based on the request of Senate and House leadership, who asked us to complete this report by early June 2008 (when budgetary decisions would be made).

**Conclusion:
PDE compromised its
accountability by
evading public
scrutiny.**

Going forward, in order to complete the funding of *Classrooms for the Future* as originally planned, PDE must now request from the General Assembly at least the \$45 million that was cut from the 2008-09 budget; PDE must also allocate staff time and other resources for another year. Only if the General Assembly allocates the funds needed to extend the program will school districts be able to complete their implementation as planned. Conversely, if funding is not appropriated, school districts that already received previous partial funding will be unable to complete the *Classrooms for the Future* work they have started, and for which they have planned, unless they can find funds elsewhere in their budgets.

According to PDE officials, the overall status of the program implementation at June 30, 2008, was this:

- Thirty school districts (of 501) and one vocational school received funding for *all* equipment for which they were eligible.¹²
- “A good amount” of the remaining school districts were 70 to 80 percent complete with their program implementation plans.¹³

¹¹ E-mail dated May 6, 2008, from the Governor’s Office of General Counsel to the Department of the Auditor General.

¹² PDE officials told us that for fiscal year 2008-09, they provided these thirty school districts and one vocational school with professional development funding only.

¹³ September 3, 2008, meeting between PDE and the Department of the Auditor General.

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We do not know how the legislators who requested this audit may have used it if they had received our report in June 2008 as they requested, and whether the 2008-09 funding would have been different based on our reports of enthusiastic school district participants and our recommendations for more disciplined performance by PDE. We also do not know the answers to other program questions that are significant to school districts, individual taxpayers, and others, as we discuss more fully in subsequent findings.

By its lack of openness and transparency overall, notwithstanding this audit, PDE evaded public scrutiny and thereby compromised its accountability to anyone with an interest in the *Classrooms for the Future* program. Specifically regarding this audit, PDE evaded public scrutiny and thereby compromised its accountability to potential users of this report, who are defined by government auditing standards as follows:

One group of users of the auditors' report is government officials who may have authorized or requested the audit. Other important users of the auditors' report are the entity being audited, those responsible for acting on the auditors' recommendations, oversight organizations, and legislative bodies. Other potential users of the auditors' report include government legislators or officials (other than those who may have authorized or requested the audit), the media, interest groups, and individual citizens. In addition to an interest in the program, potential users may have an ability to influence the conduct of the program. An awareness of these potential users' interests and influence can help auditors judge

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whether possible findings could be significant to relevant users.¹⁴

Recommendations

1. PDE should request that the General Assembly continue to fund the *Classrooms for the Future* program in fiscal year 2009-10. The amount requested should allow all participating school districts to complete program implementation.
2. If *Classrooms for the Future* funding continues, PDE should make a concerted effort to ensure that *all* districts benefit from the program, starting with the four districts who did not reapply after their first-year rejection. PDE should also solicit specific feedback from the 50 districts that did not apply, and it should consider whether program changes are appropriate to achieve the participation of as many of those schools as possible.
3. PDE should be more accountable to the public regarding the program. Specifically, PDE should be more responsive to requests for audits and information, whether from legislators who determine the allocation of tax dollars, independent auditors who report on the program, school district applicants and participants, or others.

Following is the Department of the Auditor General's evaluation of PDE's response to Finding One. PDE's entire response to all findings appears in full beginning on page 78:

PDE's response of December 12, 2008, to Finding One is again not based on an entirely accurate portrayal of our audit. PDE implies that we suggested it should not have

¹⁴ Standard 7.14, *Government Auditing Standards, July 2007 Revision*, published by the Comptroller General of the United States of the United States Government Accountability Office.

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selected grantees competitively, but we made no such suggestion. Instead, we clearly noted throughout our report that the problem was in PDE's lack of openness in what it calls a competitive process, and we note here that PDE's response still does not acknowledge the lack of openness. It is one thing for PDE to say that it "was very clear with school districts about how it evaluated applications" and that it published the criteria on the PDE Web site. But it is quite another thing that PDE did not follow the criteria, or followed the criteria in part but then deviated according to discretionary judgments known only to PDE.

With respect to the perceptions communicated to us by the school districts with whom we spoke, PDE should not attempt to explain away or dismiss these perceptions by saying—as it did during our exit conference—that school districts always complain about one district getting more money than another. Furthermore, the written response from PDE suggests that it had extensive communications with school districts that did not apply for program funding, yet officials from 100 percent of the non-applicant school districts to whom we spoke (we reached officials from 47 of the 50 districts that did not apply) said that PDE did not solicit information or feedback from them about why they did not apply. In fact, as we note in our report, any such solicitation by PDE might have allowed it to determine if the districts needed more information or assistance that would convince them to join the program.

We take other issues with PDE's response as well. PDE's assertion that sharing review scores is not a "useful practice" contradicts what school district officials told us. It is also problematic for PDE to say that its approach to soliciting applicants was "highly successful" based on the fact that "all applicants who requested funding and that complied with the program requirements received funding." On the contrary, PDE would have demonstrated a "highly successful" approach if it would have pursued all

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school districts—not just the “interested” ones—to meet its original goal of getting every school district into the program.

Finally, both PDE’s statement that it “expended extraordinary effort in connection with this audit” and PDE’s recitation of hours of staff time do not change the facts as we presented them. In short, PDE hindered the expedited completion of this audit exactly as we have described. We look forward to greater cooperation from PDE in future audits of that agency.

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**Finding Two
Selecting
grantees and
determining
award
amounts**

PDE was not entirely open when telling schools that grantees were chosen based on competitive application scores, or that award amounts were based on a formula using enrollment figures. PDE did not tell schools exactly how or why it deviated from these criteria, thereby giving weight to concerns about the fairness of the processes.

In this narrative, we discuss the following two distinct points drawn from the finding above.

1. PDE was not entirely open when telling schools that grantees were chosen based on competitive application scores.
2. PDE was not entirely open in saying that award amounts were based on a formula using enrollment figures.

As required by government auditing standards, this discussion will show how our audit work provides reasonable assurance that evidence is sufficient and appropriate to support our finding, as well as our conclusion that PDE's actions gave weight to the concerns of some school districts about whether PDE's selection process and award determinations were fair.

**Discussion point 1:
PDE was not entirely
open when telling
schools that grantees
were chosen based on
competitive
application scores.**

According to the *Classrooms for the Future* grant application guidelines on PDE's Web site, the applications "undergo a competitive review process . . . to determine the order of applicants to be awarded." The guidelines also state that applications are scored independently by reviewers who assign point values to narrative sections in the applications, and that proposals are evaluated "based upon the quality and commitment demonstrated in the application . . ." As support for these explanations, PDE includes a detailed scoring rubric on its Web site that applicants can view to gauge the number of

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points they can earn for their responses to each of 29 application questions.¹⁵ The rubric includes an additional 16 questions (with no point values) asking applicants to provide assurances they will follow certain practices.

The blurring of what PDE said and what PDE did occurred because we found that it used other factors besides the “competitive” application scores when selecting grantees. Although we know of no prohibition against PDE’s use of selective measures in addition to the application scores, or even instead of the scores, our concerns arise because PDE should be open and accountable when making decisions that are ultimately discretionary, especially as a state government agency disbursing taxpayer dollars. These concerns were echoed by school district officials who raised questions about whether PDE gave preferential treatment to some school districts over others.

Our supporting test work was based on PDE lists of *Classrooms for the Future* applicants and their scores for both fiscal years ending June 30, 2007, and June 30, 2008:

- In the first year, 189 school districts and vocational schools applied for grants, and PDE scored all applicants. For our test work, we ranked the applicants according to their scores and found that PDE selected all applicants ranked 1 through 72. PDE denied all applicants ranked 73 through 189—*except for 7 of those applicants whom PDE chose over denied applicants with higher scores.*
- In the second fiscal year, 337 school districts and vocational schools applied for grants. PDE chose not to score 78 of the applicants because they were already selected during the first fiscal year and, as such, were “continuing” applicants rather than new ones. PDE

¹⁵ The 29 questions are grouped into these categories: current planned practices, current planned conditions, current technology distribution, project management, project plan, equipment deployment, partnerships local support, and sustainability.

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PDE’s selection of grantees did not always include the applicants who ranked the highest based on their application scores

Fiscal year 2006-07 <i>189 applicants, 79 approved*</i>	<input checked="" type="checkbox"/> In 2006-07, PDE approved all 72 applicants ranked from 1 through 72.
	<input checked="" type="checkbox"/> PDE rejected almost all applicants ranked from 73 through 189, but it <input checked="" type="checkbox"/> approved the 7 applicants ranked 86, 89, 98, <div style="text-align: right;">103, 118, 125, and 144.</div>
Fiscal year 2007-08 <i>337 applicants, 302 approved</i>	<input checked="" type="checkbox"/> In 2007-08, PDE approved all 78 approved previous-year participants who applied for grants to continue their participation.**
	<input checked="" type="checkbox"/> PDE approved all 217 new applicants ranked from 1 through 217.
	<input checked="" type="checkbox"/> PDE rejected almost all new applicants ranked from 218 through 259, but it <input checked="" type="checkbox"/> approved the 7 applicants ranked 219, 220, 221, <div style="text-align: right;">224, 228, 233, and 242.</div>

* There were actually 194 applicants in total, not 189, but PDE’s list did not include 5 applicants who became ineligible when they failed to attend a mandatory pre-grant workshop.

**Although there were 79 approved participants in the first year, one participant did not apply for a grant in the second year because the initial grant had been high enough to fund the entire program in full.

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reviewed those 78 applications primarily (1) to determine compliance with program requirements and (2) to resolve any significant application errors. Regarding the other 259 applicants, all of whom applied for the first time, PDE scored them. We ranked them by scores and found that PDE selected all those ranked 1 through 217. PDE denied those ranked 218 through 259—*except, once again, for 7 applicants whom PDE chose over denied applicants with higher scores.*

Our test work supports the conclusion that PDE was not entirely open in saying that grantees were selected based on their scores and rankings.

When we asked PDE officials what factors aside from application scores had been used to select grantees in the two fiscal years, the officials responded as follows:

[A]ll applications that met a minimum cut score were deemed “eligible” to receive funding. From this eligible pool of applicants, districts were selected so as to ensure that there was representation from all geographic areas of the state, as well as a cross-section of urban, suburban, and rural districts.¹⁶

PDE officials also told us that, in some cases, grantees were selected based on good performance related to different grants they received under Project 720, which is a high school initiative designed by PDE to improve curriculum and increase graduation rates.

We could not conduct the extensive judgmental testing necessary to validate PDE’s decision-making in choosing lower-scoring applicants over those with higher scores because PDE officials would not provide the application scoring documents to us. But again, as we have previously noted, we

¹⁶ PDE’s written response to questions submitted by the Department of the Auditor General, June 25, 2008.

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are aware of nothing prohibiting PDE from applying selective measures in addition to application scores and the ranking that results. Nevertheless, PDE should not have allowed applicants to think that grantees were chosen competitively based on application scores. Instead, PDE should have been more forthright and open about how it selected grantees, and it should have made every effort to ensure that applicants and participants alike understood all selection criteria.

This finding is further supported by the results of our surveys of school districts whose applications for *Classrooms for the Future* were denied in the fiscal years we reviewed. In fact, the most common frustration expressed by school district officials was that PDE did not provide adequate feedback regarding the scores, rankings, and reasons behind the denials.

**Discussion point 2:
PDE was not entirely
open in saying that
award amounts were
based on a formula
using enrollment
figures.**

According to the *Classrooms for the Future* program guidelines, the program applications, and the PDE Web site, PDE determined the grant award amounts by using a formula. However, for the first fiscal year of the program, 2006-07, we found that PDE did not use such a formula. For the second year of the program, 2007-08, we found that PDE used a formula but did not always adhere to it.

For the third fiscal year of the program, 2008-09, PDE refused to discuss its methodology at all—formula or not. In fact, PDE stated on numerous occasions and through various correspondence that it would not discuss with us any matters related to fiscal year 2008-09 because the year was not yet complete. Nevertheless, we did obtain a list of grantees for fiscal year 2008-09 from the Office of the Governor's Web site (although we could not test the accuracy of that list without PDE's assistance).

The next table shows the average amounts of grants awarded over the program's three-year period.

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<i>Classrooms for the Future:</i>			
Average awards for school district grantees over the three fiscal years of the program			
School districts that participated for...	Average award FY 2006-07 <i>\$20 million in total</i>	Average award FY 2007-08 <i>\$90 million in total</i>	Average award FY 2008-09 <i>\$45 million in total</i>
. . .three years	\$253,034 <i>(79 new)</i>	\$365,462 <i>(78 continuing)</i>	\$228,982 <i>(48 continuing)</i>
. . . two years	--	\$274,527 <i>(224 new)</i>	\$68,381 <i>(222 continuing)</i>
. . . one year	--	--	\$124,690 <i>(151 new)</i>
<p>Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008, and from the Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.</p>			

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Based on the information in the preceding table, we present the following analysis:

- In the first year of the program when there were 189 school districts that applied, only 79 were selected as grantees. Those 79 grantees were awarded an average of \$253,034 per grant, or more than twice the average award of \$124,690 for 151 grantees in the third year of the program. In fact, one of the 79 districts received a grant high enough to fund its entire program for three years, saving the district from having to apply for continuation grants in the second and third years. If PDE had selected more districts as grantees in the first year, albeit at lower initial awards, more districts could have participated earlier.
- For the 48 districts that participated in *Classrooms for the Future* over all three years, PDE gave them, on average, a total of \$910,096. That amount is 2.6 times more than the average granted by PDE to districts that started in the second year, and 7 times more than the average granted to districts that got their first funds in 2008-09.
- School districts that started in the first year and continued into the second year received a second-year grant that averaged \$365,462. This amount is higher than the average grant of \$274,527 awarded to districts getting their first grant that year. This issue is relevant when we consider that, while PDE was lowering the dollar amount of grants for *new* participants, it was raising the dollar amount of grants for three out of every four prior-year grantees.

All three preceding bullets give rise to concerns that districts were significantly favored by being selected early in the three-year program, and that the selections occurred ultimately at the expense of the districts chosen later.

We performed further testing by focusing solely on award amounts for the second year (2007-08). For this year, we obtained, compared, and analyzed three figures for each new

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grantee and each continuing grantee. Specifically, we looked at (1) the amount for which the district applied, (2) the amount that PDE had originally announced it would award, and (3) the amount that PDE ultimately awarded, as follows:

- Of the 302 districts, 224 were new to *Classrooms for the Future*. There were 199 of these new districts, or about 9 of every 10, that received less than they initially had been told to expect. In fact, PDE decreased the amount by an average of \$21,404 for these 199 new districts.
- Of the 302 districts, 78 were continuing their participation from the previous year. More than 7.5 out of every 10 of those continuing districts, or 59 of them, received higher grants than originally expected. In fact, the average increase among the 59 districts was \$154,425.

Our work revealed that PDE did not use a standard methodology when awarding grants; we could determine no logical correlation between the requested amounts, the amounts planned by PDE originally, and the actual amounts that PDE awarded. Based on these inconsistencies, we confirmed that PDE decided at least some grant amounts case by case using discretionary and unexplained criteria rather than by using a formula as PDE communicated it would do.

**What caused PDE's
inconsistencies in the grant amounts?**

No formula in fiscal year 2006-07. PDE officials told us that in awarding the \$20 million appropriation in fiscal year 2006-07, a team of department officials determined the award amounts for each school district.¹⁷ They stated that this team determined the award amounts on a case-by-case basis—

¹⁷ PDE officials told us that the team consisted of the executive deputy secretary, the deputy secretary for elementary and secondary education, and the director of the bureau of teaching and learning support. The *Classrooms for the Future* project manager also participated by providing input.

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without the use of an award eligibility formula—by considering such factors as the amount of each type of equipment the school districts needed, the number of students in the school districts, and existing equipment in the schools.

PDE officials told us that they also considered individual school district preferences in making award decisions for that first year. For example, one school district wanted to implement the program in ninth grade only. Other school districts wanted to focus their implementation of the program on certain core subject areas, such as English and math. PDE officials said they provided funding to the schools based on these preferences because they “did not want to micromanage the school districts.” Accordingly, no formula was used.

A non-transparent formula in 2007-08. For the second fiscal year of *Classrooms for the Future*, PDE officials told us they used a formula to determine funding amounts. The formula considered high school student enrollment figures to calculate how many laptops and peripherals each participating school would need to cover all the core subject courses (English, social studies, science, and math). Then, using data supplied by the school districts, PDE deducted the amount of equipment that each high school already had available.¹⁸

At that point, PDE divided the school districts into two groups: **new school districts** (school districts receiving their first *Classrooms for the Future* grants in fiscal year 2007-08), and **continuation school districts** (school districts that had already received program funding in fiscal year 2006-07). PDE then varied the process for determining the districts’ grant amounts based on whether each district was a new or continuing grantee.

- For the “new” school districts, PDE decided to use 70 percent of the total \$90 million that the General Assembly had appropriated, or \$63 million. For the “continuation” schools, PDE used the remaining 30 percent, or \$27 million.

¹⁸ “Existing equipment” included both equipment purchased by fiscal year 2006-07 *Classrooms for the Future* awardees, as well as other equipment already available in the high school. A list of this equipment had to be included as part of the *Classrooms for the Future* application.

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- PDE officials told us that “new” schools received the lesser of two options—either the entire grant request, **or** half of the eligibility amount.

New school example A:

A school district makes a request of \$500,000 and has a net eligibility of \$600,000. The district would therefore receive \$300,000 since that figure—half the eligibility amount—is less than the amount requested.

New school example B:

A school district makes a request of \$200,000 and has a net eligibility of \$600,000. The district would therefore receive \$200,000 since that figure—the amount requested—is less than half the eligibility amount.

- PDE officials provided an unsatisfactory response about how it determined the award amounts for the continuation schools, despite our repeated requests, saying that each continuation district received a minimum award of either \$250,000 or \$300,000, depending on the enrollment. (The minimum of \$300,000 applied to high schools with enrollments greater than 750). When we asked on what basis those two minimum options were chosen, PDE officials said that it was “a PDE management decision,” and that “we have no further elaboration on it.”

**Conclusion:
PDE’s actions give weight to the concerns expressed by some school districts about whether the selection process and award determinations were fair.**

Overall, we can conclude that PDE’s lack of transparency caused some school districts to question whether the selection of grantees was entirely fair, or whether some applicants—especially those chosen the first year—received favored treatment based on reasons known only to PDE.

In disputing this concern, PDE officials told us it is common for districts to perceive that some are treated more favorably than others. PDE officials also said that, while an advantage for first-year participants in *any* multi-year program rollout is natural, there is ultimately no such advantage over the multi-

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year period as other participants join in. PDE believes strongly that the process was equitable, and that the initial perceptions will be invalidated over the coming years as the second- and third-year participants move forward.

PDE could have mitigated the concerns about fairness and first-year advantages by ensuring that it followed the selection process that it publicized (i.e., selecting grantees competitively based on the scoring of applications) or by clearly disclosing whatever different process that it ultimately utilized.

PDE's lack of transparency also made it impossible to determine how grant amounts were determined, again giving rise to perceptions that some applicants received preferential treatment. We could not validate PDE's public communications and interview statements that it applied a formula to determine grant amounts—or, if it did use a formula, that it was applied consistently. Also troublesome were the following:

- PDE's reluctance to provide explanations (e.g., on what criteria it based its decision that continuing *Classrooms for the Future* participants would receive no less than either \$250,000 or \$300,000).
- PDE's unexplained departure from its originally planned and communicated grant amounts in fiscal year 2007-08, thereby leaving school districts who relied on those figures to alter their plans mid-stream.
- PDE's dismissal of the perception that the generous funding of the earliest grantees was subsidized by the lower funding of the later grantees who either did not apply for initial grant monies or who did apply but were not chosen.

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Recommendations

4. PDE should adhere to the results from its scoring methodology when selecting grant applicants, and should share the results with all districts. Alternatively, if PDE opts to use additional criteria in selecting grantees, it should ensure the criteria are fully explained—and followed—so that applicants and the public alike know that the selection process is fair and transparent.
5. PDE should adhere to a funding formula in deciding grant amounts, particularly when the PDE Web site and program application materials say that grant amounts are decided by that methodology.
6. If it is going to vary from a standard formula in determining grant award amounts, PDE should publish its decision criteria on its Web site and in all program materials; in that way, the grant amount decisions can be transparent both to the general public whose tax dollars fund the program and to the school districts who compete with their colleagues to use the funds.

Following is the Department of the Auditor General's evaluation of PDE's response to Finding Two. PDE's full response to all findings is reproduced beginning on page 78.

PDE's response of December 12, 2008, to Finding Two is problematic in several ways. Although PDE asserts that it "worked hard to establish an open process with school districts about the grant process, and PDE communicated clearly and effectively with school districts that did not receive funding," we concluded from our interviews that PDE neither worked hard enough nor communicated clearly enough.

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Regarding PDE's methodology to award grants, PDE repeats that it used a formula based on student enrollment. However, during our audit work, PDE provided us with a written statement that it did not use a strict formula in the first year of the program. In the second and third years of the program, we found that PDE substantially deviated from any formula to the point where the process was driven as much by discretion as by formula.

Regarding the average grant awards and our comparison of those averages, PDE said that it would have been more useful for us to have taken student enrollment figures into account. PDE made this assertion both at our exit conference and in the written response. Therefore, we subsequently analyzed the grant award amounts using student enrollment data. Our analysis still did not validate the contention of PDE that it used an equitable formula to determine grant awards.

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**Finding Three
Verifying
purchase and
security of
equipment**

PDE took actions to verify that school districts purchased eligible equipment with their grants and protected the equipment from loss or theft. However, PDE did not go far enough, thereby making itself vulnerable to questions about the effectiveness of its monitoring.

In this narrative, we discuss the single major point drawn from the finding above.

- PDE took actions to verify that school districts purchased eligible equipment and protected the equipment from loss or theft. But PDE did not go far enough.

As required by government auditing standards, the discussion that follows provides reasonable assurance that our audit evidence is sufficient and appropriate to support our finding, as well as our conclusion that PDE has made itself vulnerable to questions about the effectiveness of its monitoring.

**Discussion point:
PDE took actions to verify that school districts purchased eligible equipment and protected the equipment from loss or theft. But PDE did not go far enough.**

As noted previously, PDE received state appropriations that totaled \$155 million for *Classrooms for the Future* through fiscal year 2008-09. In turn, PDE typically distributed these funds directly to each grantee in individual lump sums,¹⁹ thereby allowing the grantee to purchase equipment and make needed infrastructure improvements. PDE did not require the school districts to match program funds with their own funds, nor did PDE require school districts to purchase equipment with their own funds and then seek reimbursement.

At \$155 million in taxpayer dollars, the *Classrooms for the Future* funding has been significant. As such, it is incumbent

¹⁹ In fiscal year 2006-07, PDE disbursed funds to 25 of the 79 school districts in two payments, each worth 50 percent of their total grant award, rather than in one lump sum payment.

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on PDE to have procedures in place to verify that school districts spent the money as they should have done. We found that, while PDE did conduct some monitoring activities over the course of the audit period, those activities could have been strengthened to provide greater assurances that spending was appropriate.

**PDE did not require districts to
submit invoices**

PDE's most notable monitoring inadequacy was that, with one exception, it did not require school districts to submit invoices showing the equipment that districts had purchased. According to PDE officials, the lone district that had to submit purchase invoices was the Philadelphia School District because of its large number of high schools with equipment purchases (13 high schools in 2006-07, and 14 high schools in 2007-08).

If PDE had required all districts to submit purchase invoices as it required the Philadelphia School District to do, or if PDE had at least randomly sampled and tested various districts, it could have verified the actual purchases and the amounts spent.

While PDE did not require the districts to submit the invoices from vendors in support of the purchases, it did receive monthly reports from the vendors themselves.²⁰ These reports listed the computer equipment purchased by each school district with *Classrooms for the Future* funds. PDE officials said they compared the equipment as listed on these reports to the equipment proposed in each school district's budget. In this way, PDE said it attempted to ensure that only eligible equipment was being purchased. PDE also said it contacted school districts to question any unusual purchases or lack of activity.

²⁰ PDE officials stated that, during the time period in which the vendors are installing the equipment in the schools, the vendors also provide installation reports to PDE on a weekly basis.

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As part of our test work, we reviewed the preceding process as described by PDE. We reviewed a monthly vendor report from each of the two vendors that provided *Classrooms for the Future* equipment. We found that computer equipment itself was indeed listed and quantified on the reports, but computer accessories (such as batteries, for example) were not listed. Also not included were any purchase prices. Therefore, without the cost information and without a complete listing of all purchases, including accessories, PDE could not have verified how much the districts spent, and whether the districts' reported expenditures were appropriate.

**PDE required grantees
to file annual expenditure reports
but did not require supporting documentation**

Another way that PDE said it monitored school districts' purchases for *Classrooms for the Future* was to require each district to submit final expenditure reports at the end of each fiscal year. These final expenditure reports listed both the total grant funds received by each school district and all equipment purchased with those funds during the year. The reports were signed by the chief administrator of each school district, and PDE considered these signatures to be sufficient with regard to verifying the accuracy of the information presented in the reports.

PDE officials stated that once they received the final expenditure reports from the school districts, PDE staff reconciled the number of purchased items with the number of purchased items from the monthly vendor reports. The officials went on to state that if the equipment listed on the two reports did not correspond, PDE staff then contacted the school districts to resolve the discrepancies.

The problem, however, is this: All information in the final expenditure reports is self-reported by the school districts. As stated previously, PDE did not require the districts to submit

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the invoices that would have supported the self-reported information on the final expenditure reports. Unless PDE officials had taken a complete inventory of purchased equipment during site visits—and the officials did not indicate that such inventory-taking had occurred—PDE did not have assurances that the proper equipment (or any equipment, for that matter) had actually been purchased.

During our review of a sample of final expenditure reports, we found that, in fiscal year 2006-07, three school districts did not itemize their equipment expenditures on the final expenditure reports. Reported instead was the total of all pieces of equipment but no breakdown by type of equipment (e.g., laptops, interactive whiteboards, printers, scanners). Even though that type of reporting did not allow PDE to verify the actual costs of specific equipment, PDE did not require the school districts to modify their final reports. However, according to our interviews, PDE officials did at least require the itemization of equipment purchases beginning in the next fiscal year.

**PDE should have enforced
other reporting requirements
for grantees but did not do so**

PDE's *Classrooms for the Future* guidelines explained that grantees were required to submit semi-annual and periodic management reports to PDE. These reports were supposed to include information on each district's compliance with its original proposal and its ultimate agreement with PDE, logistical issues such as the reliability of the technology, and the progress of student performance and instructional reform.

In attempting to review PDE's performance related to the use of these reports, we asked PDE for copies. However, there were no copies to review because PDE had not enforced this reporting requirement, instead deeming such reporting to be optional.

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PDE offered several defenses for its departure from the reporting requirement. First, officials explained that many districts were likely not ready to prepare status reports because they were still incorporating the program into the classrooms. Second, PDE officials said they could have requested such a report from any district at any time and that a district would have been compelled to respond. However, no school district that we visited said that PDE had actually required any of these semi-annual or otherwise periodic management reports.

In not enforcing the reporting requirement and instead deeming it optional, PDE failed to employ an essential monitoring tool. At the same time, PDE sent the wrong message, however unintentional, that accountability is not a critical program component. In short, PDE's actions (or non-actions) compromised program monitoring.

**PDE visited grantees but did not
document the visits or
confirm that it saw all the purchased equipment**

PDE stated that its project manager for *Classrooms for the Future* conducted site visits to school district grantees during the program's first two years. The purpose of those visits was to observe the program's implementation and its integration in the overall curriculum, and to discuss any questions or concerns that grantees might raise.

PDE said that, during the site visits, its project manager typically toured classrooms used in the program; observed students and teachers as they used the equipment; interviewed participating students and faculty; and reviewed grantees' policies and procedures related to equipment use, storage, and security.

We found the concept of these visits to be a good one and believe that such visits are another essential tool for PDE to use in supporting and evaluating *Classrooms for the Future*. PDE

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admitted that its project manager could not have visited every school district grantee because the number of participating districts was far too large for only one staff person to cover, and we acknowledge that complete coverage would have been difficult in those circumstances. However, PDE was unable to tell us even how many visits in total its project manager had made over the two years, explaining there were no written records of those visits.

When we tried to quantify the visits on our own, we had mixed results. Of ten grantees that we contacted by telephone, seven said that PDE's project manager had visited, and that the visit included classroom tours, interviews, and inquiries about the use and security of equipment. However, of five additional districts that we visited in person, only two said that PDE's project manager had visited.²¹

Again, we acknowledge the difficulty of having only one PDE official to visit the high schools in all 303 school districts that participated in *Classrooms for the Future* during the program's first two years. On the other hand, we find it unacceptable that PDE failed to document either the number of visits or a summary of the results, or that the visits did not include at least a quick verification/inventory of the equipment purchased with the generous public funding. Documentation of these visits is critical to PDE's monitoring efforts by allowing for comparisons among other school districts, and also by allowing for comparisons from one visit to the next for the same grantee.

**PDE did not require
grantees to show they employed rigorous
security measures**

Security of the computer equipment purchased for *Classrooms for the Future* is important for many reasons. Such reasons include but are not limited to the following: schools and PDE

²¹ We selected these grantees based on our professional judgment to include a representation by geographic location as well as a representation of both urban and rural school districts.

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both must be accountable for taxpayer dollars; well-secured equipment can be indicative of the overall safety and security at any particular school; school equipment that is secured and cared for sets an example for students to follow; and lost or stolen equipment can lead to identity theft or other compromises of data.

We are aware of at least two school districts that have had thefts of *Classrooms for the Future* equipment.

- A district in York County lost as many as 12 Apple laptops to theft in May 2008. Each computer had a value of \$1,400.²²
- A district in Lehigh County lost 30 laptops plus other computer equipment to theft, also in May 2008. In total, the equipment was valued at \$34,450.²³

In looking at the issue of equipment security, we found that grantees were not required to notify PDE when *Classrooms for the Future* equipment was lost, stolen, or damaged. We also found that PDE did not impose any particular requirements on grantees regarding the storage and security of equipment purchased with program monies.

PDE's most obvious efforts in this area included making recommendations to school districts via a document, undated, called *Classrooms for the Future: Security and Safety*, which offered a "best practices" section on the security of computer equipment. Again, this document provided recommendations, not mandates, such as locking computers in carts when not in use, locking the carts in closets, using sign-out sheets, assigning student aides to ensure computers are returned, and using video surveillance to deter theft.

²² According to a news story aired in May 2008 by WHP-TV, Harrisburg, Pa., there were 11 laptops stolen. However, a story on August 18, 2008, by Nichole Dobo, in the *York Daily Record*, York, Pa., "Laptops replaced," said there were 12 stolen laptops. Finally, during our own field visit to this district, a school official put the number at five.

²³ Manuel Gamiz Jr., "30 Allen High laptops stolen," *The Morning Call*, Allentown, Pa., June 24, 2008.

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The requirements imposed on vendors were actually more helpful regarding the issue of security, in that equipment vendors were required by PDE to provide each grantee with an asset management system that included identification tags for all equipment. The individual school districts could then establish policies and procedures for equipment security.

Earlier we stated that PDE told us its project manager looked for equipment security measures during site visits to grantees. Our discussion with that project manager revealed that she had seen “diligent attention to security” during her visits and that, overall, security seemed to be a priority of grantees.

Our own site visits showed that districts employed varying degrees of security measures with regard to computers. For example, one school appeared to demonstrate a high level of security consciousness by keeping computers locked up when not in use, restricting access to the locked storage area, and maintaining meticulous inventory records of all the equipment. At another school, we found a lesser level of security consciousness, noting specifically that the computer carts were not safely secured but placed instead in open hallways and under unenclosed stairwells.

Conclusion:
**PDE has made
itself vulnerable to
questions about
how effectively it
monitored
*Classrooms for the
Future* spending.**

As both the program administrator of *Classrooms for the Future* and the overall steward of the millions of dollars awarded in grants, PDE could have performed better in monitoring the expenditures of its grantees. PDE did take some actions to verify that school districts purchased eligible equipment and protected it from loss or theft, and these actions are good first steps. For example, PDE required monthly reports from vendors and annual expenditure reports from grantees, it made site visits, and it made recommendations regarding equipment security. But, as we have explained in our discussion, PDE did not go far enough, thereby making itself vulnerable to questions about the effectiveness of its monitoring.

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Recommendations

7. PDE should require *Classrooms for the Future* grantees to submit invoices for all equipment purchased with *Classrooms for the Future* dollars. PDE should then determine the actual receipt and existence of those items by conducting site visits to all or some of the districts.
8. On the monthly reports that vendors submit to PDE, PDE should require each vendor to itemize the costs of equipment purchased by each school district so that PDE can better monitor the expenditures with *Classrooms for the Future* monies. This step would allow PDE to cross-check the vendor-reported purchases with district-reported purchases.
9. PDE should enforce the reporting requirements it has placed on each school district with regard to the semi-annual and periodic management reports.
10. PDE should make a concerted effort to conduct one annual site visit or more to each school district that receives program funding. If PDE finds it does not have enough staff to visit all districts, it should consider temporarily assigning other PDE staff to assist in this effort.
11. PDE should document each site visit to grantees, including the basic details of dates, names and positions of persons interviewed, discussion points, and compliance with security measures; PDE should also document the results of at least a quick visual inventory (if not a more extensive one) of the equipment and accessories purchased with *Classrooms for the Future* funds.
12. PDE should establish minimum security measures and then require all grantees to document their adherence to these security measures, and to report to PDE if any *Classrooms for the Future* equipment is lost or stolen.

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Following is the Department of the Auditor General's evaluation of PDE's response to Finding Three. PDE's entire response to all findings appears in full beginning on page 78:

PDE's response of December 12, 2008, to Finding Three requires our reply in several areas. First, PDE said that—subsequent to our audit period—it put protocols in place to address equipment accountability issues. However, we could not verify any such protocols because PDE said it could not provide us with information beyond June 30, 2008.

Second, regarding vendor invoices, PDE missed our point by noting simply that such invoices “are available to PDE should a comparison of the vendors' records and the districts' not match.” Knowing that the invoices are available is not the same thing as actually reviewing them—at least on a sample basis—to determine if the vendors' records and the districts' records do indeed match.

Third, PDE said it had a “proactive approach” regarding districts' implementation of security procedures to safeguard equipment against loss, theft, and damage. PDE specifically stated that “theft of CFF equipment amounts to only one hundredth of one percent of all computers purchased.” However, regardless of PDE's minimizing of the problem, a theft of public assets is still a theft and should be taken seriously. Furthermore, as we noted in our report, PDE issued only guidelines regarding equipment security, did not determine districts' compliance with these guidelines, and did not require districts to report thefts. Therefore, we question the assertion by PDE that its security approach was proactive, and we also question how PDE can be certain of the percentage of thefts when it did not require districts to report them.

Finally, regarding PDE's defense about not enforcing the requirement for districts to submit semi-annual reports, we

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agree that it is prudent to reduce paperwork burdens where possible. However, when millions of taxpayer dollars are being distributed to districts, and when the distribution is not transparent, accountability to the taxpayer is even more critical. If PDE obtained the same information electronically that it had originally said it would require in a paper report, PDE did not heretofore make us aware of this change. We therefore cannot evaluate whether or not PDE actually used electronic information as a substitute for semi-annual reports.

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**Finding Four
Measuring
results;
planning for
the future**

PDE has recognized the potential of *Classrooms for the Future* and has begun to measure results, but it has not really planned to sustain the program if positive results continue as expected. This weakness in planning affects program momentum and could jeopardize educational benefits already achieved.

In this narrative, we discuss two major points drawn from the finding above.

1. PDE has recognized the potential of *Classrooms for the Future* and has begun to measure results.
2. PDE has not really planned to sustain the program if positive results continue as expected.

As required by government auditing standards, the discussion that follows provides reasonable assurance that our audit evidence is sufficient and appropriate to support our finding, as well as our conclusion that PDE's lack of planning affects program momentum and could jeopardize educational benefits already achieved.

**Discussion point 1:
PDE has
recognized the
potential of
*Classrooms for the
Future* and has
begun to measure
results.**

On its Web site and via other media, PDE has shown it recognizes the potential of *Classrooms for the Future*. The Web site alone conveys a forward-looking message, one that talks about teachers using technology to educate their students and about students being prepared to compete in a high-tech workplace. The discussion is upbeat and positive, saying that *Classrooms for the Future* "will create learning environments that students will find engaging and that will pique their interests – a critical component to boosting student achievement."²⁴

²⁴ <http://www.pde.state.pa.us/k12/site/default.asp>. Then click on the *Classrooms for the Future* link. Accessed on October 29, 2008, and verified on November 4, 2008.

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By putting millions of state dollars into this program, the Pennsylvania General Assembly provided PDE with the initial financial means to implement this educational reform. It is the job of PDE to represent the Commonwealth prudently in the program's administration, to perform professionally, to measure results, and to plan for the program's sustainability if the results are indeed positive as expected.

In our previous findings, we reported on the funding issues and noted that the third-year funding shortfall was a cause of PDE's inability to fund the full participation of every high school in the program's first three years. We also reported that some districts questioned PDE's processes for selecting grantees and determining grant amounts, and that PDE could do better at monitoring results. However, these issues do not make the program less valuable or decrease its potential; in fact, such issues might exist in any program still in its start-up years.

The ultimate determination of success regarding the *Classrooms for the Future* will come when PDE can report the results. With that goal in mind, PDE contracted in June 2007 with The Pennsylvania State University to conduct an evaluation of the program. Preliminary results listed in a Penn State report dated August 31, 2007, include the following:

- Teachers spent significantly less time lecturing and more time working with small groups of students and interacting with individual students.
- Teachers increasingly engaged students in activities requiring higher-order thinking, and there were significant increases in the use of project-based or problem-based learning.
- There was a significant shift in the nature of assignments given to students, such as a decreased use of worksheets and an increased use of "real-world, hands-on practices."
- Teachers' attitudes had changed to reflect an increased valuing of technology, and also increased efforts, hours, and instructional preparation.

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Based on our anecdotal research, we found that program grantees with whom we communicated were enthusiastic about *Classrooms for the Future* and looked forward to its continuance. Specifically, when we interviewed officials from a sample of ten grantees, every grantee was generally satisfied with the program; in fact, officials used terms such as “excellent,” “phenomenal,” “wonderful,” and “very visionary.”

Understandably, we found less positive comments when speaking to officials from districts that had applied for funding but were instead denied, at least initially. The most common concern was one we have already addressed regarding questions about the selection process and its fairness and transparency. Some officials focused on a lack of adequate feedback from PDE regarding scores, rankings, and reasons for denial; others spoke of PDE officials as being hard to reach and vague in their communications.

We should note that there is a positive aspect related to the disappointment expressed by districts not selected for initial participation. Specifically, the mere fact that school officials expressed their disappointment in being denied shows that, at the same time, they found the program valuable enough to apply in the first place. However, that positive aspect provides little solace to districts left out of the program, whether in the initial years or overall, and little justification to officials who raised questions about equity and fairness questions.

Finally, we found it especially instructional to consider the comments of the school districts that never applied to participate. As we discussed in Finding One, a common theme in those cases was that district officials had concerns about sustaining the program based on unpredictable funding, while others were concerned about various program parameters. Some officials said they had thought their districts would be denied and/or cited concerns about the fairness of the selection process. We initially planned to contact only a sample of 10 districts who never applied; however, we ultimately contacted 50 districts after the 10 told us that no one from PDE made personal contact to ask why they had not applied. The

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universal comments about PDE's lack of follow-up led to the related discussion point in Finding One.

**Discussion point 2:
PDE has not really
planned to sustain the
program if positive
results continue as
expected.**

Ultimately, if the evaluations by Penn State show that *Classrooms for the Future* has a positive impact on teachers and students, PDE and the districts will need continued funding. However, school administrators told us it will be difficult to fund not only the latest equipment and the needed continuing education for teachers (a key component for school districts with high teacher turnover), but it will also be difficult to fund related budget items such as personnel costs, heating and other utilities costs, and fuel and transportation costs.

The problem ultimately comes down to this: PDE has not demonstrated the necessary foresight in planning or communicating how it will continue *Classrooms for the Future* past the first three years. For example, PDE has not communicated how it and its grantees will address the maintenance, replacement, and/or upgrading of computer equipment once it has been purchased.

The lack of communication from PDE has no doubt resulted from PDE's intention to place responsibility for program continuation issues on the school districts. In fact, as part of the grant application process, PDE required districts to submit sustainability plans addressing equipment maintenance after the initial funding period, as well as continued professional development plans and other issues.

**Conclusion:
PDE's lack of
planning affects
program momentum
and could jeopardize
educational benefits
already achieved.**

During our field visits to participating school districts, we found that school officials validated the concerns we have just discussed. In particular, the officials did not know how they could sustain what has already begun—i.e., the preliminary successes, the technological advances, and the equipment itself. The officials know that computer equipment has a three- to five-year life expectancy, for example, and they worry that the onus will fall on them when it comes to replacement. It was

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clear to us the officials were not attempting to abdicate self-responsibility; instead, they simply struggled with being left on their own to figure out the program's next steps when it was PDE who had taken on the administrative ownership (but not oversight) in the first place.

Overall, the school officials with whom we spoke were worried, but they were considering potential options. For example, one official stated that his district's budget contains funds only to repair the current equipment, not to replace it. Another official, whose high school received its first shipment of *Classrooms for the Future* equipment in November 2007, told us he is communicating with the school board about replacing equipment when it expires in a few years. A third official said that, although both he and the school board members were concerned about equipment and program sustainability at the time they applied for their initial grant, they knew they "could not afford *not* to apply and risk losing this opportunity."

Recommendations

13. PDE should continue to measure and evaluate the improvements that, at least initially, show that *Classrooms for the Future* enhances teaching and learning.
14. If PDE finds that the *Classrooms for the Future* program has continued to improve teaching and learning, it should plan additional technological equipment and training programs to be offered to all public school districts in the commonwealth, and it should request funding for such programs in future budget requests.
15. PDE should welcome continued independent reviews of *Classrooms for the Future*, and should provide the General Assembly with comprehensive periodic updates about existing results and future plans so that—if positive results continue—legislators can make program funding a priority.

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Following is the Department of the Auditor General's evaluation of PDE's response to Finding Four. PDE's entire response to all findings appears in full beginning on page 78:

*In PDE's response of December 12, 2008, to Finding Four, PDE accurately portrays the discussion in our audit report by noting that we cited Penn State University's **preliminary** evaluation of the program as showing improvements in teaching and learning. This portrayal by PDE is far more correct than the initial portrayal by PDE (in its response to our Introduction and Background section) in which it said we had found the program to be a "tremendous success" when, in fact, the program has still not been fully measured or fully completed.*

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Appendix A

**Objectives,
Scope, and
Methodology**

The Department of the Auditor General conducted this special performance audit in order to provide an independent assessment of PDE's *Classrooms for the Future* program expenditures. Furthermore, we conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives

We began the audit with the objective of reviewing PDE's *Classrooms for the Future* programmatic expenditures and issuing a report by early 2008, as we had been asked to do by leadership of the state Senate and House of Representatives.

As explained in Finding One, PDE's actions prevented us from meeting the intended issue date. Nevertheless, to accomplish the objective of reviewing the programmatic expenditures, we evaluated PDE's grantee selection and award processes, PDE's program monitoring activities, and PDE's program sustainability plans. Therefore, we can further define our objectives as the following questions:

1. How much did PDE allocate to school districts each year under the *Classrooms for the Future* program, and how many school districts received these grant awards?
2. What was the process that PDE used to select *Classrooms for the Future* grantees and determine their grant award amounts, and was this process appropriate and transparent?
3. What types of activities did PDE perform in order to monitor the school districts' implementation of the *Classrooms for the Future* program, and were these activities effective?

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Objectives, Scope,
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4. Did PDE plan appropriately for the sustainability and continuity of the *Classrooms for the Future* program?

Scope

This audit report presents information beginning with the inception of *Classrooms for the Future* and continuing through November 2008. PDE agreed to provide us with information for the period covering July 1, 2006, through June 30, 2008, but we used public sources and also communicated directly with school districts to present information through November 2008.

Methodology

We performed the following procedures in order to meet our audit objective(s):

- Conducted interviews with PDE officials.
- Reviewed and analyzed PDE policies and procedures applicable to *Classrooms for the Future*.
- Analyzed programmatic expenditure and financial documents, including grant award amounts, application budget request amounts, revised grant award amounts, and actual grant expenditure amounts.
- Analyzed spreadsheets on the number and type of equipment purchased by each school district with *Classrooms for the Future* program funds.
- Reviewed The Pennsylvania State University's evaluation report for the first year of the *Classrooms for the Future* program.

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- Conducted one or more telephone interviews with more than 80 individual school districts, beginning with 10 that received *Classrooms for the Future* grants, 10 that applied but were denied, and 10 that never applied. We subsequently expanded our telephone surveys to all 50 districts that never applied; and we expanded our “denied” group to ensure that we surveyed the 4 districts who did not reapply after their applications were denied in the first year.
 - Conducted site visits to five school districts that received *Classrooms for the Future* grant awards. These visits included meetings with technological staff and coaches, a review of invoices and expenditure reports, observations of *Classrooms for the Future* equipment in use in the classrooms, and a verification of the existence of selected equipment purchased with *Classrooms for the Future* funds.
 - Obtained and analyzed 28 final expenditure reports for fiscal year 2006-07.

We completed our field work, including follow-up questions and research with PDE, by September 26, 2008. We continued our contacts with school districts through November 20 as we wrote this report, and we provided a draft to PDE on November 21, 2008. We received PDE’s response on December 12, 2008, and have included that response as an appendix to this report.

Findings and Recommendations

We developed **four findings** during our review of PDE’s performance for the audit period, and we have presented **15 recommendations** to address the issues we identified. We will follow up within the next 12 to 24 months to determine the status of the findings and recommendations.

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**Appendix B School Districts and Vocational Schools Receiving
Classrooms for the Future Grant Awards, by
County, for Fiscal Years 2006-07 through 2008-09**

County	School district or Vocational school	2006-07 Grant award*	2007-08 Grant award*	2008-09 Grant award*	Total of Grant awards
* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Adams	Bermudian Springs	\$0	\$257,712	\$46,881	\$304,593
Adams	Conewago Valley	N/A	225,090	57,804	282,894
Adams	Gettysburg Area	N/A	290,029	51,813	341,842
Adams	Littlestown Area	N/A	N/A	138,210	138,210
Adams	Upper Adams	N/A	N/A	104,861	104,861
Allegheny	Avonworth	0	150,010	45,413	195,423
Allegheny	Baldwin-Whitehall	N/A	475,997	99,971	575,968
Allegheny	Bethel Park	0	0	188,223	188,223
Allegheny	Brentwood Borough	N/A	0	76,390	76,390
Allegheny	Carlynton	N/A	N/A	110,540	110,540
Allegheny	Chartiers Valley	0	0	172,705	172,705
Allegheny	Clairton City	N/A	N/A	74,691	74,691
Allegheny	Cornell	98,233	250,000	N/A	348,233
Allegheny	Deer Lakes	0	204,459	45,413	249,872
Allegheny	East Allegheny	N/A	155,662	45,413	201,075
Allegheny	Elizabeth Forward	0	321,326	58,628	379,954
Allegheny	Fox Chapel Area	N/A	520,630	94,830	615,460
Allegheny	Gateway	407,573	300,000	45,413	752,986
Allegheny	Hampton Township	N/A	333,246	60,265	393,511
Allegheny	Highlands	535,286	300,000	N/A	835,286
Allegheny	Keystone Oaks	N/A	0	164,329	164,329
Allegheny	McKeesport Area	299,773	299,766	45,413	644,952
Allegheny	Montour	N/A	N/A	177,476	177,476
Allegheny	Moon Area	407,573	300,000	N/A	707,573
Allegheny	Mt Lebanon	407,573	300,000	91,442	799,015
Allegheny	North Allegheny	N/A	427,158	77,938	505,096
Allegheny	North Hills	0	N/A	168,758	168,758
Allegheny	Northgate	256,903	250,000	N/A	506,903
Allegheny	Penn Hills	N/A	478,552	87,295	565,847
Allegheny	Pine-Richland	314,383	300,000	45,413	659,796

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Allegheny	Pittsburgh	\$0	\$72,988	\$355,851	\$428,839
Allegheny	Plum Borough	N/A	480,074	87,594	567,668
Allegheny	Quaker Valley	N/A	67,274	N/A	67,274
Allegheny	Riverview	90,683	250,000	N/A	340,683
Allegheny	Shaler Area	223,133	300,000	75,909	599,042
Allegheny	South Allegheny	N/A	182,811	45,413	228,224
Allegheny	South Fayette Township	N/A	204,093	45,413	249,506
Allegheny	South Park	486,781	300,000	N/A	786,781
Allegheny	Steel Valley	0	260,970	47,518	308,488
Allegheny	Sto-Rox	N/A	60,241	30,805	91,046
Allegheny	Upper Saint Clair	0	439,801	79,716	519,517
Allegheny	West Allegheny	N/A	93,346	104,876	198,222
Allegheny	West Jefferson Hills	N/A	0	121,141	121,141
Allegheny	West Mifflin Area	N/A	360,870	65,668	426,538
Allegheny	Wilkesburg Borough	193,898	250,000	N/A	443,898
Allegheny	Woodland Hills	N/A	N/A	188,223	188,223
Armstrong	Apollo-Ridge	N/A	N/A	83,715	83,715
Armstrong	Armstrong	N/A	413,503	181,651	595,154
Armstrong	Freeport Area	N/A	0	85,201	85,201
Armstrong	Leechburg Area	N/A	N/A	74,691	74,691
Armstrong	Lenape AVTS	N/A	N/A	74,691	74,691
Beaver	Aliquippa	N/A	83,935	45,413	129,348
Beaver	Ambridge Area	N/A	N/A	107,792	107,792
Beaver	Beaver Area	0	N/A	81,353	81,353
Beaver	Big Beaver Falls Area	154,153	250,000	N/A	404,153
Beaver	Blackhawk	N/A	N/A	113,840	113,840
Beaver	Freedom Area	226,723	250,000	N/A	476,723
Beaver	Hopewell Area	N/A	205,756	75,278	281,034
Beaver	New Brighton Area	N/A	N/A	110,962	110,962
Beaver	Riverside Beaver County	N/A	213,301	45,413	258,714
Beaver	Rochester Area	N/A	N/A	76,351	76,351
Beaver	South Side Area	0	143,995	45,413	189,408
Bedford	Bedford Area	279,086	300,000	N/A	579,086
Bedford	Chestnut Ridge	N/A	156,342	45,413	201,755
Bedford	Everett Area	N/A	126,560	45,413	171,973
Bedford	Northern Bedford County	N/A	N/A	81,418	81,418

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Bedford	Tussey Mountain	\$0	\$162,577	\$45,413	\$207,990
Berks	Antietam	N/A	N/A	74,691	74,691
Berks	Brandywine Heights Area	N/A	215,494	45,413	260,907
Berks	Conrad Weiser Area	N/A	304,902	55,416	360,318
Berks	Exeter Township	N/A	0	188,223	188,223
Berks	Fleetwood Area	N/A	N/A	163,558	163,558
Berks	Hamburg Area	N/A	268,410	48,973	317,383
Berks	Kutztown Area	52,279	20,055	N/A	72,334
Berks	Muhlenberg	N/A	N/A	158,935	158,935
Berks	Oley Valley	N/A	201,519	45,413	246,932
Berks	Reading	407,573	558,533	328,391	1,294,497
Berks	Schuylkill Valley	N/A	209,127	45,413	254,540
Berks	Tulpehocken Area	N/A	201,978	45,413	247,391
Berks	Twin Valley	N/A	N/A	156,889	156,889
Berks	Wilson	0	398,092	72,253	470,345
Berks	Wyomissing Area	N/A	N/A	110,962	110,962
Blair	Altoona Area	0	476,297	121,509	597,806
Blair	Bellwood-Antis	0	N/A	83,441	83,441
Blair	Claysburg-Kimmel	N/A	0	74,691	74,691
Blair	Hollidaysburg Area	0	0	162,699	162,699
Blair	Spring Cove	0	215,494	45,413	260,907
Blair	Tyrone Area	N/A	212,465	45,413	257,878
Blair	Williamsburg Community	0	0	74,691	74,691
Bradford	Athens Area	0	215,494	45,413	260,907
Bradford	Canton Area	105,293	131,242	N/A	236,535
Bradford	Northeast Bradford	N/A	N/A	74,691	74,691
Bradford	Sayre Area	N/A	160,063	45,413	205,476
Bradford	Towanda Area	N/A	0	110,498	110,498
Bradford	Troy Area	199,423	250,000	N/A	449,423
Bucks	Bensalem Township	95,233	589,123	88,791	773,147
Bucks	Bristol Borough	N/A	N/A	77,187	77,187
Bucks	Bristol Township	0	374,377	103,877	478,254
Bucks	Bucks Co Technical High	0	375,275	67,097	442,372
Bucks	Centennial	0	N/A	188,223	188,223
Bucks	Central Bucks	N/A	1,327,261	240,007	1,567,268
Bucks	Council Rock	29,756	642,412	381,152	1,053,320

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Bucks	Morrisville Borough	N/A	\$97,220	\$45,413	\$142,633
Bucks	Neshaminy	N/A	501,051	88,225	589,276
Bucks	New Hope-Solebury	N/A	N/A	74,691	74,691
Bucks	Palisades	\$0	0	74,691	74,691
Bucks	Pennsbury	N/A	1,097,786	200,071	1,297,857
Bucks	Quakertown Community	N/A	N/A	188,223	188,223
Butler	Butler Area	306,886	541,874	156,855	1,005,615
Butler	Karns City Area	N/A	215,494	45,413	260,907
Butler	Mars Area	N/A	N/A	160,957	160,957
Butler	Slippery Rock Area	N/A	112,016	83,716	195,732
Butler	South Butler County	N/A	N/A	165,458	165,458
Cambria	Blacklick Valley	N/A	72,372	41,414	113,786
Cambria	Cambria Heights	0	157,066	45,413	202,479
Cambria	Central Cambria	0	147,279	45,413	192,692
Cambria	Conemaugh Valley	N/A	108,662	45,413	154,075
Cambria	Ferndale Area	N/A	99,141	45,413	144,554
Cambria	Forest Hills	0	0	97,634	97,634
Cambria	Greater Johnstown	117,753	300,000	45,413	463,166
Cambria	Penn Cambria	99,449	241,143	26,468	367,060
Cambria	Richland	N/A	200,887	45,413	246,300
Cambria	Westmont Hilltop	N/A	94,326	45,413	139,739
Cameron	Cameron County	N/A	0	74,691	74,691
Carbon	Jim Thorpe Area	N/A	212,981	45,413	258,394
Carbon	Lehigh Area	N/A	N/A	126,339	126,339
Carbon	Palmerton Area	N/A	208,799	45,413	254,212
Carbon	Panther Valley	0	0	105,138	105,138
Carbon	Weatherly Area	N/A	106,867	45,413	152,280
Centre	Bald Eagle Area	0	215,494	45,413	260,907
Centre	Bellefonte Area	N/A	N/A	165,458	165,458
Centre	Penns Valley Area	N/A	188,432	45,413	233,845
Centre	State College Area	0	693,767	124,566	818,333
Chester	Avon Grove	158,473	412,508	N/A	570,981
Chester	Coatesville Area	0	361,882	65,865	427,747
Chester	Downingtown Area	N/A	1,016,329	183,396	1,199,725
Chester	Great Valley	N/A	N/A	116,057	116,057
Chester	Kennett Consolidated	0	189,929	45,413	235,342

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Chester	Octorara Area	N/A	\$286,505	\$51,818	\$338,323
Chester	Owen J Roberts	N/A	33,633	65,225	98,858
Chester	Oxford Area	\$0	N/A	177,943	177,943
Chester	Phoenixville Area	N/A	N/A	157,938	157,938
Chester	Tredyffrin-Easttown	N/A	N/A	188,223	188,223
Chester	Unionville-Chadds Ford	N/A	0	188,223	188,223
Chester	West Chester Area	407,573	1,290,069	190,556	1,888,198
Clarion	Allegheny-Clarion Valley	N/A	N/A	74,691	74,691
Clarion	Keystone	N/A	157,107	45,413	202,520
Clearfield	Clearfield Area	0	0	148,208	148,208
Clearfield	Curwensville Area	N/A	152,874	45,413	198,287
Clearfield	Dubois Area	N/A	381,823	68,379	450,202
Clearfield	Glendale	0	0	17,975	17,975
Clearfield	Harmony Area	N/A	58,583	35,173	93,756
Clearfield	Moshannon Valley	0	64,529	33,589	98,118
Clearfield	Philipsburg-Osceola Area	41,152	250,000	43,137	334,289
Clearfield	West Branch Area	N/A	144,596	45,413	190,009
Clinton	Keystone Central	N/A	444,264	90,826	535,090
Columbia	Benton Area	0	109,661	45,413	155,074
Columbia	Berwick Area	52,843	300,000	50,603	403,446
Columbia	Bloomsburg Area	0	N/A	83,441	83,441
Columbia	Central Columbia	N/A	203,921	45,413	249,334
Columbia	Columbia-Montour AVTS	N/A	N/A	86,463	86,463
Columbia	Millville Area	N/A	107,274	45,413	152,687
Columbia	Southern Columbia Area	95,233	250,000	N/A	345,233
Crawford	Conneaut	N/A	N/A	224,074	224,074
Crawford	Crawford Central	N/A	0	214,474	214,474
Crawford	Penncrest	N/A	N/A	239,663	239,663
Cumberland	Big Spring	395,531	300,000	N/A	695,531
Cumberland	Camp Hill	29,603	250,000	N/A	279,603
Cumberland	Cumberland Valley	N/A	247,473	279,455	526,928
Cumberland	East Pennsboro Area	N/A	320,803	58,545	379,348
Cumberland	Shippensburg Area	302,173	300,000	27,828	630,001
Cumberland	South Middleton	N/A	171,947	69,450	241,397
Dauphin	Central Dauphin	N/A	368,155	207,881	576,036
Dauphin	Derry Township	N/A	126,270	90,873	217,143

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Dauphin	Halifax Area	N/A	N/A	\$74,691	\$74,691
Dauphin	Harrisburg City	\$0	585,907	106,902	692,809
Dauphin	Lower Dauphin	168,763	300,000	67,347	536,110
Dauphin	Middletown Area	N/A	N/A	110,962	110,962
Dauphin	Steelton-Highspire	0	0	80,405	80,405
Dauphin	Susquehanna Township	N/A	171,104	52,046	223,150
Delaware	Chester-Upland	0	532,990	97,248	630,238
Delaware	Chichester	12,603	403,479	66,091	482,173
Delaware	Garnet Valley	0	0	74,691	74,691
Delaware	Haverford Township	0	507,899	100,063	607,962
Delaware	Interboro	N/A	N/A	188,223	188,223
Delaware	Marple Newtown	0	340,903	61,799	402,702
Delaware	Penn-Delco	N/A	300,705	53,909	354,614
Delaware	Radnor Township	N/A	373,727	68,182	441,909
Delaware	Ridley	N/A	589,355	106,189	695,544
Delaware	Rose Tree Media	N/A	421,587	76,853	498,440
Delaware	Southeast Delco	161,084	300,000	69,301	530,385
Delaware	Springfield	407,573	300,000	N/A	707,573
Delaware	Upper Darby	469,223	838,700	200,597	1,508,520
Delaware	Wallingford-Swarthmore	N/A	N/A	188,223	188,223
Delaware	William Penn	521,151	300,000	N/A	821,151
Elk	Johnsonburg Area	N/A	102,039	45,413	147,452
Elk	Ridgway Area	0	60,456	N/A	60,456
Elk	Saint Marys Area	0	320,530	58,472	379,002
Erie	Corry Area	0	224,922	45,413	270,335
Erie	Erie City	485,535	952,172	227,064	1,664,771
Erie	Fairview	N/A	153,490	54,878	208,368
Erie	Fort LeBoeuf	0	232,903	45,413	278,316
Erie	General McLane	N/A	N/A	123,096	123,096
Erie	Girard	95,233	250,000	8,667	353,900
Erie	Harbor Creek	0	N/A	138,210	138,210
Erie	Iroquois	0	161,578	45,413	206,991
Erie	Millcreek Township	N/A	354,994	64,570	419,564
Erie	North East	N/A	0	98,713	98,713
Erie	Northwestern	371,303	300,000	N/A	671,303
Erie	Union City Area	0	101,813	45,413	147,226

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Erie	Wattsburg Area	N/A	N/A	\$107,459	\$107,459
Fayette	Albert Gallatin Area	\$0	\$412,696	75,216	487,912
Fayette	Brownsville Area	0	153,453	45,413	198,866
Fayette	Connellsville Area	N/A	0	188,223	188,223
Fayette	Frazier	N/A	N/A	75,926	75,926
Fayette	Laurel Highlands	N/A	370,652	67,581	438,233
Fayette	Uniontown Area	0	N/A	188,223	188,223
Forest	Forest Area	N/A	N/A	149,383	149,383
Franklin	Chambersburg Area	0	N/A	142,237	142,237
Franklin	Fannett-Metal	0	103,122	45,413	148,535
Franklin	Greencastle-Antrim	0	0	165,458	165,458
Fulton	Central Fulton	0	109,661	45,413	155,074
Fulton	Forbes Road	N/A	60,790	36,612	97,402
Fulton	Southern Fulton	N/A	0	74,691	74,691
Greene	Carmichaels Area	N/A	50,000	45,413	95,413
Greene	Central Greene	N/A	N/A	136,749	136,749
Greene	Jefferson-Morgan	N/A	81,091	45,413	126,504
Greene	Southeastern Greene	344,563	N/A	N/A	344,563
Greene	West Greene	0	0	74,691	74,691
Huntingdon	Huntingdon Area	N/A	N/A	130,482	130,482
Huntingdon	Juniata Valley	0	62,355	42,863	105,218
Huntingdon	Mount Union Area	N/A	N/A	78,140	78,140
Huntingdon	Southern Huntingdon Co	N/A	N/A	83,715	83,715
Indiana	Blairsville-Saltsburg	N/A	272,239	90,826	363,065
Indiana	Homer-Center	N/A	N/A	74,691	74,691
Indiana	Indiana Area	N/A	N/A	136,522	136,522
Indiana	Marion Center Area	N/A	162,180	45,413	207,593
Indiana	Purchase Line	N/A	N/A	83,008	83,008
Indiana	United	N/A	N/A	74,691	74,691
Jefferson	Brockway Area	N/A	N/A	83,715	83,715
Jefferson	Brookville Area	N/A	161,139	45,413	206,552
Jefferson	Punxsutawney Area	507,235	300,000	N/A	807,235
Lackawanna	Abington Heights	N/A	405,107	73,625	478,732
Lackawanna	Carbondale Area	N/A	162,577	45,413	207,990
Lackawanna	Dunmore	N/A	209,743	45,413	255,156
Lackawanna	Lakeland	N/A	215,408	45,413	260,821

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Lackawanna	North Pocono	\$318,043	\$300,000	\$24,308	\$642,351
Lackawanna	Riverside	N/A	203,422	45,413	248,835
Lackawanna	Scranton	435,123	300,000	153,524	888,647
Lackawanna	Valley View	0	0	138,210	138,210
Lancaster	Cocalico	N/A	N/A	174,072	174,072
Lancaster	Columbia Borough	0	0	74,691	74,691
Lancaster	Conestoga Valley	32,723	411,815	65,886	510,424
Lancaster	Donegal	N/A	308,966	56,210	365,176
Lancaster	Eastern Lancaster County	N/A	N/A	188,223	188,223
Lancaster	Elizabethtown Area	N/A	N/A	188,223	188,223
Lancaster	Ephrata Area	N/A	N/A	188,223	188,223
Lancaster	Hempfield	N/A	480,734	209,757	690,491
Lancaster	Lampeter-Strasburg	N/A	357,231	64,956	422,187
Lancaster	Lancaster	0	1,009,236	184,141	1,193,377
Lancaster	Manheim Central	N/A	348,595	63,267	411,862
Lancaster	Penn Manor	N/A	585,907	106,906	692,813
Lancaster	Pequea Valley	N/A	N/A	110,962	110,962
Lancaster	Solanco	N/A	427,158	77,938	505,096
Lancaster	Manheim Township	407,573	300,000	47,530	755,103
Lancaster	Warwick	407,573	300,000	45,413	752,986
Lawrence	Ellwood City Area	N/A	N/A	110,962	110,962
Lawrence	Laurel	N/A	134,111	45,413	179,524
Lawrence	Lawrence County CTC	0	N/A	74,691	74,691
Lawrence	Mohawk Area	N/A	213,495	45,413	258,908
Lawrence	Neshannock Township	N/A	N/A	74,691	74,691
Lawrence	New Castle Area	0	281,053	50,752	331,805
Lawrence	Union Area	N/A	N/A	74,691	74,691
Lawrence	Wilmington Area	N/A	101,914	64,964	166,878
Lebanon	Annville-Cleona	229,645	250,000	N/A	479,645
Lebanon	Cornwall-Lebanon	N/A	478,500	86,591	565,091
Lebanon	Eastern Lebanon County	N/A	149,609	45,413	195,022
Lebanon	Lebanon	N/A	307,274	55,186	362,460
Lebanon	Northern Lebanon	0	300,972	54,647	355,619
Lebanon	Palmyra Area	N/A	247,966	45,413	293,379
Lehigh	Allentown City	N/A	1,753,891	320,008	2,073,899
Lehigh	Catasauqua Area	0	214,613	45,413	260,026

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County	School district or Vocational school	2006-07 Grant award*	2007-08 Grant award*	2008-09 Grant award*	Total of Grant awards
* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Lehigh	East Penn	\$0	N/A	\$188,223	\$188,223
Lehigh	Lehigh Career & Tech Inst	125,893	\$615,151	N/A	741,044
Lehigh	Northwestern Lehigh	407,573	250,000	N/A	657,573
Lehigh	Parkland	N/A	954,330	174,097	1,128,427
Lehigh	Salisbury Township	N/A	162,577	45,413	207,990
Lehigh	Southern Lehigh	0	266,586	47,922	314,508
Lehigh	Whitehall-Coplay	N/A	N/A	188,223	188,223
Luzerne	Crestwood	N/A	0	187,656	187,656
Luzerne	Dallas	0	263,298	47,989	311,287
Luzerne	Greater Nanticoke Area	N/A	223,513	45,413	268,926
Luzerne	Hanover Area	N/A	106,608	45,413	152,021
Luzerne	Hazleton Area	N/A	932,008	168,344	1,100,352
Luzerne	Lake-Lehman	0	197,583	45,413	242,996
Luzerne	Northwest Area	67,933	75,000	45,413	188,346
Luzerne	Pittston Area	N/A	N/A	188,223	188,223
Luzerne	West Side AVTS	0	162,577	45,413	207,990
Luzerne	Wilkes-Barre Area	N/A	745,360	136,238	881,598
Luzerne	Wyoming Area	0	0	147,120	147,120
Luzerne	Wyoming Valley West	N/A	367,050	65,488	432,538
Lycoming	East Lycoming	N/A	95,032	45,413	140,445
Lycoming	Jersey Shore Area	83,023	300,000	45,413	428,436
Lycoming	Loyalsock Township	0	81,173	44,414	125,587
Lycoming	Montgomery Area	N/A	102,358	45,413	147,771
Lycoming	Montoursville Area	N/A	N/A	74,691	74,691
Lycoming	Muncy	0	104,940	45,413	150,353
Lycoming	Williamsport Area	N/A	N/A	188,223	188,223
McKean	Bradford Area	N/A	308,966	56,210	365,176
McKean	Otto-Eldred	N/A	N/A	74,691	74,691
McKean	Port Allegany	N/A	N/A	75,604	75,604
McKean	Smethport Area	0	109,661	45,413	155,074
Mercer	Farrell Area	0	105,664	45,413	151,077
Mercer	Greenville Area	49,330	250,000	45,413	344,743
Mercer	Grove City Area	N/A	N/A	138,210	138,210
Mercer	Hermitage	N/A	0	78,392	78,392
Mercer	Lakeview	N/A	N/A	77,057	77,057
Mercer	Mercer Area	N/A	138,389	45,413	183,802

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County	School district or Vocational school	2006-07 Grant award*	2007-08 Grant award*	2008-09 Grant award*	Total of Grant awards
* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Mercer	Reynolds	N/A	\$162,577	\$45,413	\$207,990
Mercer	Sharon City	N/A	211,888	45,413	257,301
Mercer	Sharpsville Area	N/A	N/A	83,715	83,715
Monroe	East Stroudsburg Area	\$538,158	300,000	120,022	958,180
Monroe	Pleasant Valley	0	95,590	31,989	127,579
Monroe	Pocono Mountain	N/A	1,206,310	213,492	1,419,802
Monroe	Stroudsburg Area	407,573	300,000	29,300	736,873
Montgomery	Abington	90,683	511,566	110,311	712,560
Montgomery	Cheltenham Township	N/A	100,000	187,351	287,351
Montgomery	Colonial	202,539	311,754	19,965	534,258
Montgomery	Hatboro-Horsham	278,126	300,000	59,522	637,648
Montgomery	Jenkintown	32,243	250,000	N/A	282,243
Montgomery	Lower Merion	415,146	300,000	N/A	715,146
Montgomery	Lower Moreland Township	N/A	172,736	45,413	218,149
Montgomery	Norristown Area	415,146	300,000	90,826	805,972
Montgomery	North Penn	N/A	941,744	170,279	1,112,023
Montgomery	Perkiomen Valley	N/A	452,104	82,122	534,226
Montgomery	Pottsgrove	N/A	N/A	153,356	153,356
Montgomery	Pottstown	N/A	187,906	69,476	257,382
Montgomery	Souderton Area	N/A	416,315	75,144	491,459
Montgomery	Springfield Township	127,375	250,000	N/A	377,375
Montgomery	Spring-Ford Area	N/A	N/A	188,223	188,223
Montgomery	Upper Dublin	N/A	512,289	93,224	605,513
Montgomery	Upper Merion Area	153,673	300,000	45,413	499,086
Montgomery	Upper Moreland Township	N/A	N/A	150,561	150,561
Montgomery	Upper Perkiomen	N/A	0	188,223	188,223
Montgomery	Wissahickon	N/A	457,470	83,172	540,642
Montour	Danville Area	167,949	300,000	N/A	467,949
Northampton	Bangor Area	0	225,978	46,855	272,833
Northampton	Bethlehem Area	415,146	1,237,006	246,989	1,899,141
Northampton	Easton Area	445,873	445,712	151,218	1,042,803
Northampton	Nazareth Area	N/A	307,633	129,809	437,442
Northampton	Northampton Area	219,543	464,813	95,795	780,151
Northampton	Pen Argyl Area	0	N/A	110,962	110,962
Northampton	Saucon Valley	N/A	N/A	124,791	124,791
Northumberland	Line Mountain	0	N/A	82,277	82,277

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Northumberland	Milton Area	N/A	N/A	\$137,788	\$137,788
Northumberland	Mount Carmel Area	\$0	\$162,473	45,413	207,886
Northumberland	Shamokin Area	N/A	211,342	45,413	256,755
Northumberland	Shikellamy	0	316,667	57,023	373,690
Northumberland	Warrior Run	N/A	N/A	102,676	102,676
Perry	Greenwood	N/A	N/A	74,691	74,691
Perry	Newport	0	152,561	45,413	197,974
Perry	Susquenita	0	268,410	48,973	317,383
Perry	West Perry	0	305,953	55,646	361,599
Philadelphia	Philadelphia City	886,699	1,688,149	6,834,225	9,409,073
Pike	Delaware Valley	0	548,545	99,595	648,140
Potter	Austin Area	0	58,994	35,439	94,433
Potter	Coudersport Area	N/A	103,860	45,413	149,273
Potter	Galeton Area	0	59,293	35,635	94,928
Potter	Oswayo Valley	N/A	41,311	45,413	86,724
Schuylkill	Blue Mountain	N/A	N/A	148,630	148,630
Schuylkill	Mahanoy Area	0	144,611	45,413	190,024
Schuylkill	Minersville Area	N/A	N/A	74,691	74,691
Schuylkill	North Schuylkill	N/A	200,260	45,413	245,673
Schuylkill	Pine Grove Area	N/A	196,752	45,413	242,165
Schuylkill	Pottsville Area	N/A	N/A	185,465	185,465
Schuylkill	Schuylkill Haven Area	0	96,619	45,413	142,032
Schuylkill	Shenandoah Valley	N/A	40,485	20,679	61,164
Schuylkill	Tamaqua Area	N/A	N/A	125,812	125,812
Schuylkill	Tri-Valley	N/A	N/A	74,691	74,691
Schuylkill	Williams Valley	N/A	N/A	74,691	74,691
Snyder	Midd-West	77,993	300,000	42,706	420,699
Snyder	Selinsgrove Area	0	290,116	52,524	342,640
Somerset	Berlin Brothersvalley	N/A	109,661	45,413	155,074
Somerset	Meyersale Area	N/A	87,950	45,413	133,363
Somerset	Rockwood Area	N/A	98,233	45,413	143,646
Somerset	Salisbury-Elk Lick	N/A	N/A	74,691	74,691
Somerset	Shade-Central City	0	N/A	74,691	74,691
Somerset	Shanksville-Stonycreek	32,723	192,230	N/A	224,953
Somerset	Somerset Area	95,832	250,000	45,413	391,245
Somerset	Turkeyfoot Valley Area	N/A	60,790	36,608	97,398

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* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Somerset	Windber Area	\$0	\$124,604	\$45,413	\$170,017
Sullivan	Sullivan County	0	98,836	45,413	144,249
Susquehanna	Blue Ridge	N/A	151,622	45,413	197,035
Susquehanna	Forest City Regional	N/A	105,541	45,413	150,954
Susquehanna	Montrose Area	67,933	250,000	19,994	337,927
Susquehanna	Mountain View	N/A	162,577	45,413	207,990
Susquehanna	Susquehanna Community	N/A	102,756	45,413	148,169
Tioga	Northern Tioga	0	266,753	136,238	402,991
Tioga	Southern Tioga	0	378,106	136,238	514,344
Tioga	Wellsboro Area	0	161,987	45,413	207,400
Union	Lewisburg Area	N/A	184,892	45,413	230,305
Union	Mifflinburg Area	N/A	198,569	59,896	258,465
Venango	Oil City Area	N/A	265,421	48,388	313,809
Venango	Titusville Area	N/A	N/A	138,210	138,210
Washington	Avella Area	N/A	N/A	74,691	74,691
Washington	Bentworth	0	135,270	45,413	180,683
Washington	Bethlehem-Center	N/A	N/A	80,545	80,545
Washington	Burgettstown Area	175,588	250,000	N/A	425,588
Washington	California Area	0	108,865	45,413	154,278
Washington	Canon-McMillan	N/A	418,229	75,562	493,791
Washington	Charleroi	90,683	250,000	29,199	369,882
Washington	Chartiers-Houston	N/A	N/A	74,691	74,691
Washington	Fort Cherry	0	148,013	45,413	193,426
Washington	McGuffey	N/A	N/A	107,168	107,168
Washington	Peters Township	N/A	N/A	188,223	188,223
Washington	Ringgold	N/A	361,252	65,742	426,994
Washington	Trinity Area	0	352,385	63,341	415,726
Washington	Washington	N/A	214,215	45,413	259,628
Wayne	Wallenpaupack Area	0	384,360	69,568	453,928
Wayne	Wayne Highlands	N/A	366,586	66,785	433,371
Wayne	Western Wayne	N/A	258,224	46,981	305,205
Westmoreland	Belle Vernon Area	N/A	N/A	165,458	165,458
Westmoreland	Burrell	0	N/A	105,874	105,874
Westmoreland	Derry Area	N/A	N/A	154,406	154,406
Westmoreland	Franklin Regional	123,141	300,000	25,932	449,073
Westmoreland	Greater Latrobe	N/A	N/A	50,425	50,425

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County	School district or Vocational school	2006-07 Grant award*	2007-08 Grant award*	2008-09 Grant award*	Total of Grant awards
* LEGEND: \$0 = School district's application was denied. N/A = School district did not apply for a grant.					
Westmoreland	Greensburg Salem	N/A	\$349,277	\$63,400	\$412,677
Westmoreland	Hempfield Area	N/A	N/A	188,223	188,223
Westmoreland	Jeannette City	N/A	N/A	83,377	83,377
Westmoreland	Kiski Area	N/A	0	188,223	188,223
Westmoreland	Ligonier Valley	N/A	N/A	149,383	149,383
Westmoreland	Monessen City	\$0	136,328	45,413	181,741
Westmoreland	Mount Pleasant Area	0	N/A	123,540	123,540
Westmoreland	New Kensington-Arnold	N/A	N/A	138,210	138,210
Westmoreland	Penn-Trafford	N/A	N/A	188,223	188,223
Westmoreland	Yough	N/A	N/A	132,621	132,621
Wyoming	Lackawanna Trail	0	85,813	45,413	131,226
Wyoming	Tunkhannock Area	N/A	N/A	154,610	154,610
York	Central York	270,553	300,000	47,955	618,508
York	Dallastown Area	0	315,540	54,026	369,566
York	Dover Area	N/A	0	158,286	158,286
York	Eastern York	N/A	N/A	131,634	131,634
York	Hanover Public	N/A	N/A	78,545	78,545
York	Northeastern York	N/A	294,315	53,345	347,660
York	Northern York County	N/A	369,576	67,370	436,946
York	Red Lion Area	N/A	474,493	85,807	560,300
York	South Eastern	0	294,711	53,423	348,134
York	South Western	N/A	423,577	77,237	500,814
York	Southern York County	N/A	311,829	56,076	367,905
York	Spring Grove Area	N/A	N/A	188,223	188,223
York	West Shore	415,146	431,786	176,199	1,023,131
York	York City	N/A	310,138	53,664	363,802
York	York Co School of Tech	457,573	300,000	45,413	802,986
York	York Suburban	0	110,667	45,413	156,080
Totals		\$19,989,715	\$90,000,000	\$45,000,000	\$154,989,715
<i>Source: PDE's written response to questions submitted by the Department of the Auditor General, April 28, 2008; Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.</i>					

Appendix C

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50 school districts that did not apply for *Classrooms for the Future* grants in any of the three fiscal years 2006-07 through 2008-09; plus 4 districts that were denied in first year and did not reapply.

County	School district did not apply**
<i>**Districts marked by asterisks did not have a high school</i>	
Adams	Fairfield Area
Allegheny	Allegheny Valley
Allegheny	Duquesne City **
Beaver	Center Area
Beaver	Midland Borough **
Beaver	Monaca
Beaver	Western Beaver County
Berks	Boyertown Area
Berks	Daniel Boone Area
Berks	Governor Mifflin
Bradford	Wyalusing Area
Bucks	Pennridge
Butler	Moniteau
Butler	Seneca Valley
Cambria	Portage Area
Clarion	Clarion Area
Clarion	Clarion-Limestone Area
Clarion	North Clarion County
Clarion	Union
Cumberland	Carlisle Area
Cumberland	Mechanicsburg Area
Dauphin	Millersburg Area
Dauphin	Upper Dauphin Area
Franklin	Tuscarora
Franklin	Waynesboro Area
Indiana	Penns Manor Area
Juniata	Juniata County
Lackawanna	Mid Valley
Lackawanna	Old Forge

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County	School district did not apply**
<i>**Districts marked by asterisks did not have a high school</i>	
Lawrence	Shenango Area
Lehigh	Northern Lehigh
Lycoming	South Williamsport Area
McKean	Kane Area
Mercer	Commodore Perry
Mercer	Jamestown Area
Mercer	West Middlesex Area
Mifflin	Mifflin County
Montgomery	Bryn Athyn **
Montgomery	Methacton
Northampton	Wilson Area
Potter	Northern Potter
Schuylkill	Saint Clair Area **
Somerset	Conemaugh Township Area
Somerset	North Star
Susquehanna	Elk Lake
Venango	Cranberry Area
Venango	Valley Grove
Westmoreland	Norwin
Westmoreland	Southmoreland
York	West York Area

The following four school districts applied for and were denied a Classrooms for the Future grant in fiscal year 2006-07, and did not apply in the two subsequent years:

County	School district denied and did not reapply
Cambria	Northern Cambria
Clarion	Redbank Valley
Venango	Franklin Area
Warren	Warren County

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Appendix D

Questions and answers about the *Classrooms for the Future* program.

How many school districts in total participated in the *Classrooms for the Future* program?

Of the 501 public school districts in Pennsylvania, 447 of them received *Classrooms for the Future* grant awards during fiscal years 2006-07 through 2008-09, meaning that 54 school districts did not receive grants for *Classrooms for the Future* in the program's first three years. Of these 54 public schools, 50 chose not to apply for the program. The remaining four school districts had their applications denied by PDE in fiscal year 2006-07, and they did not apply for program funding in fiscal years 2007-08 and 2008-09.

By fiscal year, how many school districts applied for *Classrooms for the Future* grants, and how many were denied?

In fiscal year 2006-07, of the 188 school districts that applied, PDE awarded grants to 77 applicants and denied grants to 111 applicants. In the second year of the program, fiscal year 2007-08, of the 332 school districts that applied for grants, 298 school districts were approved and 34 were denied. For the third year of the program, fiscal year 2008-09, PDE awarded grants to all 415 school districts that applied.

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<i>Classrooms for the Future</i> program Application Statistics Fiscal years 2006-07 through 2008-09			
Fiscal Year	Total number <u>applied</u> for a CFF grant	Total number <u>awarded</u> a CFF grant	Total number of <u>denied</u> applications
<u>2006-07:</u>			
School Districts	188	77	111
Vocational Schools	<u>6</u>	<u>2</u>	<u>4</u>
Total	194	79 (40.7%)	115 (59.3%)
<u>2007-08:</u>			
School Districts	332	298	34
Vocational Schools	<u>5</u>	<u>4</u>	<u>1</u>
Total	337	302 (89.6%)	35 (10.4%)
<u>2008-09:</u>			
School Districts	415	415	0
Vocational Schools	<u>6</u>	<u>6</u>	<u>0</u>
Total	421	421 (100.0%)	0 (0.0%)
Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008, and from the Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.			

**How many school districts participated in
Classrooms for the Future from
one year to the next?**

For the three fiscal years of 2006-07 through 2008-09, PDE made 802 *Classrooms for the Future* grant awards to 447 school districts and 7 vocational schools. This means that 89.2 percent of the commonwealth's 501 public school districts received *Classrooms for the Future* grant monies during fiscal years 2006-07 through 2008-09.

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Of the 454 school districts and vocational schools that received *Classrooms for the Future* grant awards, 48 of them received a grant in all three program years. Another 222 school districts received *Classrooms for the Future* grants in the second two program years. This information is presented in the table below.

<i>Classrooms for the Future</i> Number of Grantees (new and continuing) Fiscal years 2006-07 through 2008-09			
	FY 2006-07	FY 2007-08	FY 2008-09
Year One grantees	79 (new)	78 (continuing)	48 (continuing)
Year Two grantees		224 (new)	222 (continuing)
Year Three grantees			151 (new)
Total awards each year	79	302	421
Total new grants awarded = 454 (represents 447 public school districts and 7 vocational schools)			
Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008, and from the Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.			

**What were the dollar amounts that PDE
allocated to school districts for *Classrooms for
the Future*?**

The *Classrooms for the Future* grant awards totaled nearly \$155 million for the fiscal years of 2006-07 through 2008-09. This total included both the new grants awarded each year as well as the continuation grants. In the second year of the program, fiscal year 2007-08, PDE allocated 68.3 percent of the funding for new grants and the remaining 31.7 percent for

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continuation grants. In fiscal year 2008-09, PDE allocated 41.8 percent of the program funding for new grants and the remaining 58.2 percent to school districts for continuation grants.

PDE awarded over \$2 million to four vocational schools during fiscal years 2006-07 and 2007-08. Three new vocational schools received more than \$235,000 in total during fiscal year 2008-09.

Total <i>Classrooms for the Future</i> grant awards by new and continuation grants, Fiscal years 2006-07 through 2008-09			
Fiscal Year	Amount of monies awarded for new CFF grants	Amount of monies awarded for continuation CFF grants	Total monies awarded for CFF grants
2006-07	\$ 19,989,715	\$ 0	\$ 19,989,715
2007-08	\$ 61,493,942	\$ 28,506,058	\$ 90,000,000
2008-09	\$ 18,828,177	\$ 26,171,823	\$ 45,000,000
Total	\$ 100,311,834	\$ 54,677,881	\$ 154,989,715
Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008, and from the Office of the Governor press release, "Governor Rendell Announces 'Classrooms for the Future' Schools for 2008-09," July 31, 2008.			

**How much equipment did the participating
school districts purchase with *Classrooms for the
Future* funds?**

From the nearly \$110 million in *Classrooms for the Future* funds that were awarded to the school districts that participated in the program in both fiscal years 2006-07 and 2007-08, the school districts purchased nearly 100,000 student computers through April 1, 2008, benefitting over 473,000 students. The

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number and type of equipment purchased for this time period is presented in the table below.

Equipment purchased by participating school districts with <i>Classrooms for the Future</i> grant awards in fiscal years 2006-07 and 2007-08, through April 1, 2008	
<u>Item</u>	<u>Number Purchased</u>
Student laptop computers	95,999
Laptop carts	3,493
Teacher laptops	10,160
Web cameras	26,143
Printers/scanners	2,663
Interactive whiteboards	5,409
Video cameras	2,043
Still cameras	2,269
Projectors	5,508
Source: Developed by Department of the Auditor General staff from information obtained from the Pennsylvania Department of Education on April 28, 2008.	

What impact has the *Classrooms for the Future* program had on teacher practices and student achievement?

The Pennsylvania Department of Education entered into a contract with The Pennsylvania State University for evaluation of the *Classrooms for the Future* program. In the first report prepared by Penn State, dated August 31, 2007, the evaluation

**Classrooms for the Future
A Program Administered by the
Pennsylvania Department of Education**

Appendix D

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2008*

team said it was asked by PDE to investigate the impact of the program on several areas:

- teaching practice
- student activity
- teacher and student attitudes
- student achievement (after the first year)
- development of new skills (after the first year)

The results of this first report are discussed on page 49. Penn State had not released its findings on the second year of the *Classrooms for the Future* program when this audit report was released.

Response from PDE

**Classrooms for the Future
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*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
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**Response from
PDE**

The Pennsylvania Department of Education's full response to this audit report is reproduced on the following eight pages. In the actual audit report at the end of each applicable section, we have summarized relevant points from the response and have added our own evaluation of those points.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
333 MARKET STREET
HARRISBURG, PENNSYLVANIA 17126-0333

SECRETARY OF EDUCATION

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December 12, 2008

Ms. Stephanie Maurer
Deputy Auditor General
for Performance Audits
Department of the Auditor General
Finance Building – Room 231
Harrisburg, PA 17120

Dear Ms. Maurer:

Thank you for the opportunity to respond to the findings contained in your audit of the Classrooms for the Future program, which is administered by the Pennsylvania Department of Education. Attached, please find our response to the audit report.

The Pennsylvania Department of Education considers Classrooms for the Future to be a model for what an effective education initiative should be: innovative and accountable; efficient and cost-effective; and inspiring to students and teachers alike.

We are pleased that the auditor general's exhaustive review of this program supports our belief that Classrooms for the Future truly is representative of the future of public education in the Commonwealth. It is a vital part of our ongoing efforts to reinvigorate our classrooms, increase the academic achievement of our students, support our teachers through high-quality professional development and, ultimately, prepare every Pennsylvania high school graduate to confidently take on the challenges that await beyond high school.

While Classrooms for the Future was originally envisioned as a three-year effort, the state's finances did not enable us to expand the program fully in its third year. Still, we remain committed to ensuring this successful program is made available to every school district that chooses to take part. To that end, we look forward to working with lawmakers, education leaders and others to continue funding for Classrooms for the Future.

Sincerely,

Gerald L. Zahorchak, D.Ed.

**RESPONSE OF
PENNSYLVANIA DEPARTMENT OF EDUCATION TO
AUDITOR GENERAL'S AUDIT OF
CLASSROOMS FOR THE FUTURE PROGRAM
JULY 1, 2006 THROUGH JUNE 30, 2008**

December 12, 2008

A. Introduction

The Pennsylvania Department of Education ("PDE") is very pleased that the Auditor General has recognized the tremendous success of PDE's Classrooms for the Future Program and has recommended that it be extended even beyond its original scope. PDE agrees that the CFF program has been a very successful part of the administration's overall strategy to strengthen public education in the Commonwealth. The Department's efforts in CFF have shown educators and observers alike what is possible when advanced technology and rigorous professional development are introduced into the high school curriculum: a renewed enthusiasm for learning by high school students, new possibilities for advanced teaching by educators, and—when combined with other important educational reforms—higher achievement for Pennsylvania's next generation of young adults.

PDE agrees with the Auditor General's conclusion that it is critical that the General Assembly continue to provide funding for the CFF program to meet its original scope. That funding is critical to allow the participating school districts to complete their original implementation plans for CFF and achieve the kinds of instructional improvements observed in many schools districts. It is clear that the program's success, coupled with the Commonwealth's 6-year school funding formula plan approved by the Legislature in the current budget provides school districts with the tools to build ongoing commitments to advanced technology and the necessary professional development into their long-term budgets.

In addition to the items discussed at the exit conference on December 8, some of which have been incorporated into the final report, the following constitute PDE's responses to the report's findings.

B. Finding 1

In this finding, the report recognizes that PDE succeeded in meeting the goal of funding those school districts that both applied for CFF funds and met the program's requirements. PDE agrees with the conclusions about the program's success in funding all those applicant school districts, and below we explain some features of the program's funding mechanisms that may have resulted in some of the report's other observations and conclusions.

As the report indicates, PDE's success in funding all eligible school districts is the result of (1) PDE's success in creating an effective program design (with the necessary balance between investments in technology purchases, professional development for high school educators, and ongoing leadership and support at the building level), (2) PDE's success in reaching out to school districts to demonstrate how the program can help them improve educational results, and (3) school districts' positive response to PDE's efforts.

When there is limited funding for a program and high demand for it, it is a necessary and common practice for the funding agency (here PDE) to select recipients through a competitive process. Because the CFF program was to be implemented over a 3-year period (now 4 years) and funding for year 1 was only 10% of the overall scope (\$20 million in 2006-07 out of a \$200 million overall plan), it was both appropriate and necessary for PDE to select grantees competitively in the first years of the program. Had PDE provided funding to all qualified applicants in year 1, it would have compromised program implementation in two ways. First, because some school district applicants clearly were not ready to begin rolling out the program, taxpayer money would have been wasted. Second, because the grant awards would have been much smaller, the impact in the grant recipient districts would have been diluted—and the early program success described in the Auditor General's report would not have been achieved.

Along with the use of a competitive selection process, the funding provided to school districts was based on a formula calculated by the numbers of students in a district's high school. Although some refinements were made to the formula as the program moved from year 1 to year 2, the basic element of the formula—namely, student enrollment—has remained consistent throughout.

PDE was very clear with school districts about how it evaluated applications, and PDE published the criteria on our website. PDE used a two-tiered competitive process. First, a school district had to meet a certain objective score to be considered eligible. This objective score was based on an applicant's "readiness" to implement. Applicants that were clearly not ready to implement in the following year were not considered beyond this first stage in the selection process. In the second stage of the process, from this eligibility pool of "ready" applicants, PDE chose applicants to ensure a diverse group of districts: balancing such factors as urban/rural/suburban; large/small; and geographic spread in any given year.

As one might expect in competitive programs, some applicants did a better job in year 1 in presenting their applications and thereby had an advantage in the year 1 selection process. However, by the time the program is fully funded, there will be no financial advantage to having been a year 1 grantee rather than being selected later in the process.

Consistent with common practice for any major grant-making organization, PDE met with rejected applicants upon request to provide more detail about the reasons an application was rejected; sharing review scores is not a common or useful practice. Instead, PDE provided feedback to all such applicants that requested assistance in

understanding the selection process in order to ensure that such school districts were better prepared to submit a successful grant proposal in the following year. Moreover, PDE hosted online seminars in January 2007 and January 2008 and regional workshops throughout the year to assist those school districts that had not yet been selected for funding to assist them in preparing their applications for the upcoming round of applications. It is clear that this approach was highly successful, because—by year 3 of the program—all applicants who requested funding and that complied with the program requirements received funding.

It is to be expected that about 10% of Pennsylvania school districts elected not to apply for grant funding under this program. According to the Auditor General's survey data, all school districts were aware of the program—a reflection of PDE's success in outreach to school districts. The DAG's data show that about 85% of the 50 school districts that did not apply for CFF funding had either advanced or moderate technology and decided not to apply because of their disagreement with one or more conditions associated with the program (notably sustainability or professional development). Those findings are consistent with the information PDE staff members received in their extensive communication with school districts during the first three years of the application process—specifically, that some districts did not want to participate in the mandatory extensive professional development, others did not want to purchase off the statewide contract, and still others felt they had sufficient technology resources without the program or simply did not feel technology was an area where they wanted to commit their educational focus. PDE's commitment to students and to taxpayer accountability mandated that we have high program standards, particularly the emphasis on professional development. While we wish that all school districts had taken advantage of this opportunity to transform the high school experience, we were not willing to weaken the program quality by eliminating core program standards.

PDE expended extraordinary effort in connection with this audit, particularly considering the other demands that the responsible staff have in managing CFF and a myriad of other educational initiatives. During the first week of April 2008, PDE received the Auditor General's letter initiating the audit and requesting vast amounts of materials, with the expectation that those initial materials be provided within a couple of weeks and that the audit be completed and a report issued in less than 90 days. The requests went far beyond reviewing program expenditures, including all aspects of the program's operation—past, present, and future.

PDE responded with its first set of written materials at the entrance conference, just a few weeks after the initial request. PDE then met with DAG staff on seven occasions, spending in excess of 250 hours of staff time in preparing written answers to the lists of written questions presented by the auditors, gathering documents in response to the auditors' document requests, preparing for interview sessions, and participating in those interviews during the 21 active weeks of the audit. In total PDE provided 1,000 pages of materials to the DAG in the period from mid-April to early September. PDE believes that this effort was extraordinary, particularly in light of the audit's extremely aggressive schedule, and the very few staff who are involved in the actual

implementation of the CFF program and the other responsibilities they have for other important educational initiatives.

C. Finding 2

In this finding, the report draws a number of conclusions about how PDE selected school district recipients for CFF funding, how PDE communicated with school districts that received funding and those that did not, and the methodology PDE used to determine the level of each school district's grant funding. (Some of these conclusions repeat or overlap conclusions mentioned in Finding 1.) PDE worked hard to establish an open process with school districts about the grant process, and PDE communicated clearly and effectively with school districts that did not receive funding.

The Auditor General's report is correct that school districts that began participating in year 1 (which we refer to as "Cohort 1" districts) have thus far received more funding than school districts that began participating in year 2 or year 3 ("Cohorts 2 and 3"). The report wisely calls for additional funding to complete the program's roll-out, and if such funding is approved PDE's existing funding formula will ensure that all school districts are funded sufficiently to reach "program completion."

With respect to the amount awarded to each district in each grant year, PDE took great care in determining the number of school districts that could be funded in any given year. As noted earlier, if a school district would have been approved before it was ready, the funds would not have had the desired result. In addition, if every school district had been approved at once, the available funds would have been spread so thin that there would not have been the critical mass necessary to impact classroom instruction. For example, had all 450 school districts currently participating been selected in the first year—when \$20 million was available—then each classroom would have received just \$1,000. Staggering the approvals over the life of the program enabled PDE to ensure sufficient capacity for quality assurance, while delivering grants large enough to make a real difference in a school.

The report also discusses the methodology PDE used to award grants. PDE employed a formula based on student enrollment as well as the district's existing technology resources. Unfortunately, the audit report's comparison of the "amount requested by applicants" to the amount actually awarded does not provide readers with much information, since many applicants did not follow the guidelines in calculating eligible costs and therefore "requested" a significantly inefficient amount of resources, which it would have been inappropriate to approve.

In addition, the comparison of average grant awards does not take into account two key issues: (1) school districts began the program with varying amounts of technology, and therefore needed varying amounts in order to reach "program completion," and (2) school districts have widely varying enrollments at the high school

level and, therefore, grant awards (which were based on enrollment levels) must vary accordingly.

A useful comparison is between a school district's eligible award and the amount it has received thus far. The eligible amount is what a district would need, based on student enrollment, to ensure that all high school students have access to CFF equipment in core content areas. The "amount received so far" is the total amount of existing equipment that the district has *plus* the total cumulative (meaning from the first year of CFF to present) amount in equipment a district has purchased with grant funds to date.

Like any multi-year program that is rolled out over a period of years, the earliest participants are likely to complete the program before those that qualify in later years. As one would expect, Cohort 1 is generally farther along in their rollout to all students, so they are closer to completing the CFF program (meaning they have 100% of their classrooms equipped). The project completion rates for CFF are as follows: for Cohort 1, the median completion rate is 98%; for Cohort 2, the median completion rate is 73%; and for Cohort 3, the median completion rate is 35%. These rates show that the program rollout proceeded as planned. In order to achieve 100% completion, it is necessary for the General Assembly to provide the additional \$45 million in the original program design.

In addition, the report compares apples to oranges when it calculates average grant awards by year. The 450 participating school districts range in size from an enrollment of 82 high school students to 53,000 high school students. As a result, a comparison of the average award must take enrollment into account, since any equitable formula must provide a school district that has 200 high school classrooms with a much larger grant than a district with 20 high school classrooms.

D. Finding 3

PDE agrees with the report's conclusion that PDE took actions to verify that school districts purchased eligible equipment with their grants and protected the equipment from loss or theft. PDE appreciates the Auditor General report's focus on these key accountability issues, and is pleased to report that protocols put into place after the June 30, 2008 close of the audit period further improve the program.

PDE ensured that school districts received eligible and correct equipment by comparing the vendors' district by district summary of equipment purchased and delivered with the school district's final expenditure report of equipment purchased and delivered. Because vendors must keep these invoices on file—pursuant to contract requirements—those invoices are available to PDE should a comparison of the vendors' records and the districts' records not match.

PDE takes the issue of computer security extremely seriously, and took steps from the beginning of the program to emphasize its importance to school districts and provide

them with the tools to implement effective security policies. PDE required school districts to purchase security carts with locks, and to use those carts to keep the equipment secure. PDE and the equipment vendors provided mandatory training to schools and coaches in security practices. Finally, PDE instructed districts to store the computers in locked carts and to place the locked carts in a locked room. We believe that this proactive approach contributed to the fact that theft of CFF equipment amounts to only one hundredth of one percent of all computers purchased.

Finally, PDE monitored compliance with program requirements through a variety of mechanisms, including:

- detailed reports concerning whether participating teachers had enrolled and completed the required 30 hours of professional development each year;
- detailed equipment reports indicating which equipment was purchased, when it was delivered, and the date of installation;
- site readiness checklists detailing the readiness of school buildings for installation; and
- numerous site visits and classroom observations from PDE staff and contracted evaluators.

The report correctly notes that PDE did not require districts to complete a semi-annual report. The reason for this change is that PDE created a system to electronically obtain the necessary information without asking districts to complete extra paperwork. Since 2003, the department has worked diligently to reduce paperwork burdens and other bureaucracy that take the focus off of what matters most: student learning. We believe that the effective use of technology is an important tool in streamlining government reports.

E. Finding 4

PDE agrees with the report's conclusion that PDE recognizes the potential of the CFF program to transform secondary education. That was the purpose of the program at its outset, and—as the report recognizes—the program is meeting those expectations. As cited in the Auditor General's report, the Penn State University preliminary evaluation of the program shows that the CFF program is improving instruction in important ways and changing the attitudes of educators about the material they teach. As the report also shows, school district participants have been universal in their acclaim for the program. PDE is very pleased that the Auditor General has recognized the value of the CFF program and recommends its continuation.

PDE established the CFF program as a long-term education reform initiative, but with a finite role for State funding (originally 3 years, now 4). Each RFP, from the first one that was released in 2006, required school district participants to have a clear plan for sustaining the program after the State's initial 3-year plan for equipment purchases and professional development. That sustainability plan was designed to help districts think

through how CFF allows them to conserve resources – for example, by buying fewer textbooks – that can be converted into internal savings that would enable local funding to replace equipment as needed after the state’s role was accomplished. Those local sustainability plans, combined with the State’s commitment in 2008 to long-term changes in how the State funds public education—a projected \$2.6 billion dollar increase over six years—provides all school districts with the resources to leverage local investments in reform initiatives like CFF in their own budgets.

Of course, if the General Assembly would provide funding for the State to have a continued role in supporting CFF, whether through additional funding to support professional development or for ongoing technology purchases—PDE stands ready to provide the necessary support for the program on a longer term.

**Classrooms for the Future
A Program Administered by the
Pennsylvania Department of Education**

*Audit Report
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*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2008*

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**Classrooms for the Future
A Program Administered by the
Pennsylvania Department of Education**

*Pennsylvania Department of the Auditor General
Jack Wagner, Auditor General
December 2008*

Pennsylvania Department of Education

The Honorable Gerald L. Zahorchak, D.Ed.
Secretary of Education

Diane Castelbuono
Deputy Secretary for Elementary and
Secondary Education

Thomas Gluck
Executive Deputy Secretary

Michael Walsh
Deputy Secretary for Administration

Other

Connie Huber, CPA, CGFM
Comptroller, Labor, Education and Community Services
Office of the Budget
Commonwealth of Pennsylvania

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