



# STEP UP FOR STUDENTS

## *Response to the 2019 Florida Auditor General report*

Some additional facts are necessary to put the findings of the August 2019 [Florida Auditor General report](#) of Step Up For Students in the appropriate context. It's important to note the following:

**On ensuring Gardiner Scholarship applications are processed accurately.** The application processing error at issue, which was quickly corrected, resulted in funding delays of approximately 30 days. It did not result in any Gardiner Scholarship students not receiving funding. The error resulted from a change in processes intended to get Gardiner parents funded more quickly, and the "delay" resulted in families of 583 students still receiving funds at the same time as in previous years. Meanwhile, thousands of Gardiner students received funding earlier than ever before.

**On calculating student eligibility.** As required by state law under 1002.395(2)(h), Step Up followed the explicit language of the U.S. Department of Agriculture's written guidelines on income under the National School Lunch program and used these guidelines to calculate student eligibility. However, the 2018 Auditor General's report disagreed with Step Up's longstanding method to calculate eligibility and recommended a new one. This finding wasn't reported by the Auditor General's office until after Step Up had already processed thousands of applications for the next school year. The 2019 Auditor General's report covers a period of time that includes tens of thousands of applications processed before the 2018 report was released. Step Up accepted the Auditor General's new calculation method and implemented changes for the 2019-20 application season.

**On flagging schools participating in scholarship programs for financial review.** By law, private schools participating in state scholarship programs must hire independent certified public accountants to conduct financial reviews if they receive more than \$250,000 annually in scholarship funds. Step Up For Students monitors the scholarship amounts of nearly 2,000 schools to see if they meet that threshold. We were late in recognizing 12 of them, less than one percent, and the FDOE instructed us to waive the financial review requirement for those schools since that school year had passed.



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**On using interest earned from tax-credited contributions.** As stated in our official response to the Auditor General’s report, the statute does not provide any guidance on how that interest can be used. Step Up For Students used \$280,000 of that interest for non-FTC scholarship programs. The lion’s share was devoted to improving the technological infrastructure needed to efficiently and effectively serve Gardiner Scholarship families, and the rest was used for start-up costs for the new Hope Scholarship and Reading Scholarship Accounts. For context, it is important to note the Legislature has never appropriated any start-up funding for any of the state’s K-12 scholarship programs. We continue to believe strongly that we used those funds appropriately, to enhance vital services for the state’s most disadvantaged students. But we chose to replace the funds rather than argue with the Auditor General.

**On documenting the time worked by salaried personnel.** The Auditor General recommends “exempt” employees at Step Up be required to prepare reports of time worked and that supervisors be required to certify the accuracy of those reports. We are fully aware of how much and how hard our salaried employees are working, with many of them often putting in significantly more than 40 hours per week. Requiring additional documentation beyond what is already in place is inappropriate.

**One final note.** Step Up is audited by the Auditor General every year. Florida school districts are audited once every three years. We are essentially under continuous audit by the AG, since it begins a new audit before the previous year’s audit has been completed. We are also required by law to submit a clean audit from an outside accounting firm, every year, to the Florida Board of Education. There is likely no other entity that receives as much scrutiny — inside government or out. This year, for the eighth consecutive year, Step Up earned the top ratings from Charity Navigator, America’s largest independent charity evaluator, for accountability, transparency and financial performance. We will continue to diligently administer the state’s scholarship programs with the utmost care and integrity.