

PLANNING, POLICY AND GOVERNMENTAL AFFAIRS
AUGUST 23, 2023

SUBJECT

Empowering Parents Program Update

REFERECNE

June, 14, 2023 Board heard update on status of program implementation.

APPLICABLE STATUTE, RULE, OR POLICY

Idaho Code §§ 33-1030 to -1034

BACKGROUND/DISCUSSION

The Empowering Parents Grant Program was enacted in 2022 (S1255) to provide education grants for eligible students. After a competitive solicitation, the State Division of Purchasing awarded Primary Class Inc., also known as "Odyssey," the contract to create and administer an online platform including an electronic marketplace for awardees to use grant awards for eligible products and services.

Idaho Code § 33-1030(3) defines eligible education expenses as:

- a) Computer hardware, internet access, or other technological devices or services that are primarily used to meet a participant's educational needs;
- b) Textbooks, curriculum, or other instructional materials, including educational software and applications;
- c) Fees for national standardized assessments, advanced placement examinations, examinations related to college or university admissions, or industry-recognized certification examinations;
- d) Therapies, including but not limited to occupational, behavioral, physical, speech-language, and audiology therapies, or other services or therapies specifically approved by the board;
- e) Educational programs offered for a fee or pursuant to contract by a school district, public charter school, or career technical education program to nonpublic students, provided that such students may not be counted for purposes of calculating public school enrollment; or
- f) Other education expenses approved by the board, upon recommendation of the parent advisory panel established pursuant to section 33-1032, Idaho Code.

Pursuant to Idaho Code § 33-1032, a parent advisory panel shall make recommendations to the Board regarding implementation, administration, and improvements to the program and may make recommendations regarding the inclusion of other educational expenses.

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The parent advisory panel met on June 1, 2023 and July 10, 2023, and has several other regional meetings scheduled throughout the summer. It is expected that the panel will make recommendations for the Board to consider by its regularly scheduled October meeting.

The Office of the State Board of Education (OSBE) is responsible for administering the Empowering Parents Grant Program.

IMPACT

In its first year, the program benefitted over 49,429 students.

ATTACHMENTS

Attachment 1 – Empowering Parents Final Report and Action Plan 08/2/23.

STAFF COMMENTS AND RECOMMENDATIONS

OSBE has concluded its review of transactions. The program was found to be operating successfully, with only less than 1% of the total purchases determined ineligible.

Odyssey has agreed to reimburse the State for interest accrued and for funds used to purchase ineligible products or services. OSBE has also worked collaboratively with Odyssey to develop clearer business procedures to assist with smoother implementation of the program going forward.

The Division of Financial Management is beginning a financial audit of purchases made.

Board staff continue to work with the Empowering Parents Parent Advisory Panel to consider improvements to the administration and implementation of the program, to consider additional categories of eligible expenses, and to develop a procedure for appeals to the parent panel that may be necessary in the future.

A plan for securing a third-party review of the program is underway as required pursuant to Idaho Code § 1033(2).

Overall, the program is moving forward for the benefit of Idaho students and families.

BOARD ACTION

This item is for informational purposes only.



August 2, 2023

Brad Little, Governor
State Capitol
Boise, ID 83720

Dear Governor Little,

This letter is our second response to your June 9, 2023 letter regarding the Empowering Parents grant program in which you requested stronger communication, a report, and an action plan. Once again, we welcome this opportunity to provide detailed information about the careful oversight and accountability work that State Board staff have done to date and will continue to do to ensure that program funding is used appropriately, and that Empowering Parents continues to be a benefit to Idaho students and families.

You specifically requested a report and action plan regarding our provision of enhanced Board oversight, our efforts to review ineligible purchases, a history of oversight efforts to date, and proposed changes to the administration of the program as may be necessary to ensure continued compliance with Idaho Code and applicable federal guidelines. You will find responses to each of these areas in the body of the report in the pages that follow.

Additional information is included as attachments. Attachment 1 is the most current version of our weekly report; Attachment 2 provides a more detailed timeline of oversight actions; and Attachment 3 provides a tentative timeline for engaging in a third-party evaluation of the program as required pursuant to Idaho Code § 33-1033(2).

As always, we are committed to transparency in our work and to being good stewards of taxpayer dollars. We will work with the Division of Financial Management to engage an independent third-party to conduct a full audit of the program and the status of eligible versus ineligible purchases as you deem appropriate.

After your review of this report, please let us know if we can provide any additional information.

Sincerely,

Linda Clark, Ed.D.
President, State Board of Education

Matt Freeman
Executive Director, State Board of Education

REPORT AND ACTION PLAN

1. Strengthens accountability of the Empowering Parents Grant Program, including enhanced Board-level oversight of all contractors.

The Division of Purchasing awarded the contract for the Empowering Parents Grant Program Administration on behalf of the Office of the State Board of Education pursuant to RFQ20231751. The contract requires Primary Class, Inc. (now known as “Odyssey”) to create an online platform for accepting, processing, and managing grant applications, and to establish an electronic marketplace for use of grant awards for eligible education products and services. Odyssey is responsible under the terms of the Contract for ensuring that only eligible education expenditures are made through the platform. Odyssey’s signed Quote, which is incorporated into the contract, includes this statement: *“Our platform allows us to work with vendors to predetermine approved purchases and services at the product level. For example, before a vendor becomes available to grant recipients, we can eliminate candy and office furniture as an option for purchase from an office supply store while still allowing laptop computers and common school supplies. This prevents some of the prohibited purchases we have seen in other states”*

Actions Taken: Prior to the Governor’s June 9 letter, Board staff monitored purchases, met weekly with Odyssey staff, and produced a regular status report that meets the reporting requirements for the annual report as defined in Idaho Code § 33-1033. This report includes the total amount of funds appropriated, the total number of applications received, and the total number of grants awarded as well, as other relevant information such as the amount of funds expended on eligible products and services by category of eligible purchase, consistent with the reporting requirements set forth in Idaho Code § 33-1033(1(a)-(c). This report was first provided to the legislature in December of 2022 and has since been updated monthly for internal Board staff use.

Steps taken to enhance program oversight include:

- OSBE staff have collaboratively developed and documented extensive business procedures that clarify workflow between the contractor and OSBE staff. These procedures will be fully implemented in early August.
- All new vendor applications are initially approved by Odyssey and confirmed by OSBE staff before the vendor can begin participating. While the management of vendors in the marketplace is Odyssey’s contractual responsibility, to ensure greater scrutiny of participating vendors, a verification step has been added as part of the new business procedures.
- Odyssey is now engaged in a review of documentation submitted by existing vendors as evidence of their eligibility to participate in the program. The new business procedures clarify vendor participation requirements by type of vendor and clarify Odyssey and OSBE’s roles in verifying that submitted documentation is accurate.

- Board Staff, including the Executive Director, the Chief Policy and Government Affairs Officer, and the Empowering Parents Program Coordinator assigned to this program attend each Parent Advisory Panel meeting.
- The frequency of the program status report was increased to weekly.

2. Reviews all contracts to identify opportunities to recoup funding from contractors for any purchases deemed ineligible

The Division of Purchasing holds the contract with Odyssey. The State Board of Education has and will continue to work with the Division of Purchasing in the management of the Empowering Parents Grant Program.

Steps taken to recoup funding include:

- Odyssey has agreed to reimburse the State approximately \$180,000 for the cost of ineligible purchases made. This dollar amount was estimated by Odyssey and is based on the purchase price of items identified by OSBE as ineligible. The exact dollar amount of the final reimbursement for these purchases will fluctuate as final eligibility decisions are made (process described below).
- To date, Odyssey has earned approximately \$550,000 in interest on grant funds. Through a settlement process between Odyssey and the Division of Purchasing, OSBE anticipates approximately \$400,000 to be returned. Odyssey will retain only the amount necessary to cover its tax burden.
- OSBE staff completed a review of 44,585 transactions that were made in the Marketplace between November and June based on reports provided by Odyssey. While numbers have fluctuated as we have worked to verify the eligibility of each purchase, at the end of this process OSBE staff has determined that 39,512 purchases (89% of the total) were eligible, 487 purchases (1% of the total) were identified as being likely ineligible, 1,050 purchases (2% of the total) were identified as potentially eligible, pending further review by the Parent Advisory Panel and the Board, and 3,536 purchases (8% of the total) did not include sufficient documentation for a determination to be made. Additional action is being taken as follows:
 - Eligibility Unclear: OSBE staff presented several categories of potentially eligible purchases to the Parent Advisory Panel for consideration of recommendation to the Board under Idaho Code § 33-1030(3)(f). These categories include: educational equipment; camps and classes; costumes, athletic gear, and uniforms; and physical education equipment. The Parent Advisory Panel, chaired by the Superintendent of Public Instruction, is currently considering these categories and is expected to make recommendations to the Board in September. If the additional categories are adopted by the Board, the purchases made in these categories will be considered eligible purchases retroactively and no further action will be taken.
 - Ineligible Purchases: Odyssey has reached out to this group of parents to request additional information that might aid OSBE staff in making a final

determination of a purchase's eligibility. To date, approximately 115 parents have responded with additional information for consideration. Final determinations of whether a purchase was ineligible will be made after the Parent Advisory Panel finalizes the procedures for appeal and with consideration of the additional information parents have provided. We anticipate that this will happen in September. At that time, parents who made an ineligible purchase will be notified and will have the opportunity to appeal that decision to the Parent Advisory Panel.

- Insufficient Documentation: These transactions are largely bundled purchases in which the transaction documentation provided by Odyssey does not include itemized detail. Odyssey has agreed to seek additional information about these purchases and to provide a list of "single item" vendors (vendors who only sell one item). For vendors who are confirmed to be single service vendors (such as a bookstore that only sells books), itemized detail may not be necessary. OSBE received preliminary information from Odyssey on August 1st. OSBE's evaluation of this information is not yet complete. As the eligibility status of purchases made in these transactions becomes clear, follow up actions will be taken accordingly.

3. Identifies all oversight efforts, safeguards, and other steps taken by the State Board and office staff to ensure grant funds were used only for eligible education expenses and only for the benefit of eligible students, as defined by Idaho Code § 33-1030.

A timeline of oversight actions taken by Board staff through the end of May, 2023 is included as Attachment 2.

Steps taken to improve safeguards include:

- A punch-out purchase system has been implemented for all purchases as of August. All items intended for purchase are now reviewed and approved or denied by Odyssey staff prior to the purchase being completed.
- OSBE staff subsequently reviews each purchase to verify eligibility. If OSBE staff flag a purchase, Odyssey staff will reverse the purchase and refund the dollars to the State.
- Extensive business procedures are being implemented. These procedures were collaboratively developed between OSBE and Odyssey, and clarify issues such as how a vendor is approved, what purchases are eligible, how a complaint is to be escalated, who bears responsibility for ineligible purchases, and how OSBE will provide verification of Odyssey's accurate implementation of the program, etc.
- The Settlement executed between the Division of Purchasing and Odyssey requires Odyssey to move all funds into an account identified as tax exempt, notes the State as the owner of any interest accrued, and requires Odyssey to provide OSBE staff live-time access to the account for monitoring purposes.

4. **Proposes changes to program administration and oversight that may be necessary to enhance stewardship of taxpayer funds to ensure compliance with both Idaho Code and applicable federal guidance.**

Proposed changes to program administration include:

- The initial award of this Contract was made based on an RFQ process. As such, a full Request for Proposal process is required at the end of the initial contract. The contract with the Odyssey expires in August of 2024. An RFP for a contract to begin in August of 2024 is fully drafted and prepared for release. It reflects lessons learned from the first year of administering this program. Odyssey may choose to participate in the RFP process. Regardless of which contractor is awarded the next contract, the changes reflected in the RFP will support stronger implementation going forward.
- OSBE's Executive Director will actively participate in oversight of the program and will personally provide regular updates to the Governor's Office.
- Currently the program is directly coordinated by a single position, with support from the Chief Policy and Government Affairs Officer. This may be insufficient staffing for the sustained volume of work generated by this project.
- Attachment 3 is a tentative timeline for developing the scope of the independent review, identifying a vendor, and for the vendor to complete the review by June 30, 2024.
- The Parent Advisory Panel is expected to make additional recommendations to the Board regarding improvements to the implementation and administration of this project.

ATTACHMENT 1
Weekly Status Report 7/23/2023



Empowering Parents Grant Program

July 23, 2023

Pursuant to Idaho Code § 33-1031, the Empowering Parents grant program provides eligible families with grant funds for use towards eligible education services and devices to help students recover from the learning loss caused by the COVID-19 pandemic. The program is open to parents based on adjusted gross income (AGI) verified by the Idaho Tax Commission from the prior year and one or more students in kindergarten through grade 12. Students may attend public school, private school, or be homeschooled. The award amounts are limited to \$1,000 per eligible student and no more than \$3,000 per family.

The following is detailed information on Marketplace purchases, applications, and awarded student demographics.

Marketplace Purchases

There have been \$33,141,716.06 transactions on the marketplace, as of July 23, 2023. Idaho Code § 33-1030 allows eligible marketplace purchases in six categories. The amount spent in each category is detailed below.

Statutory Categories	Amount
Computer hardware, internet access, or other technological devices or services	\$24,390,233.93
Textbooks, curriculum, or other instructional materials, including educational software and applications	\$8,572,648.03
Fees for national standardized assessments, advanced placement examinations, examinations related to college or university admissions, or industry-recognized certification examinations	\$0.00
Therapies, including occupational, behavioral, physical, speech-language, and audiology therapies, or other services or therapies specifically approved by the board	\$178,834.10
Educational programs offered for a fee or pursuant to contract by a school district, public charter school, or career technical education program to nonpublic students	\$0.00
Other education expenses and services as approved by the Board	\$0.00

Marketplace Activity Metrics

Details on Marketplace transactions and vendor activity for the Month of June

Description	Total Frequency
Transaction items flagged by Odyssey	62
Pending items canceled by Odyssey prior to purchase	40
Vendors notified for flagged items, service offerings, or request for transaction details	66
Warning notes issued to vendors by Odyssey	17
Parents contacted regarding flagged or canceled items	21
Marketplace vendors removed	0
Number of active vendors	399
Number of new vendors added from July 17-23	1
Number of service offering change requests from July 17-23	38

Application Information

Total applications received	37,544
Total applications funded	27,093
Total applications not funded or rejected as incomplete or ineligible	10,451

Awarded Student Demographic Information

49,429 students were awarded grants and \$49,429,000.00 in funding was distributed. Funding is distributed in three waves based on the verified AGI. AGI waves are defined as:

Wave 1 – household has an AGI under \$60,000

Wave 2 – household has an AGI under \$75,000

Wave 3 – household has an AGI equal to or more than \$75,000

Funded students based on AGI Waves:

AGI Wave	Funded Students
Wave 1	35,772
Wave 2	2,548
Wave 3	11,109

Funded students based on school type:

School Type	Students
Home School*	1,314
Private School	1,049
Public Charter School	5,975
Traditional Public School	41,087
N/A**	4

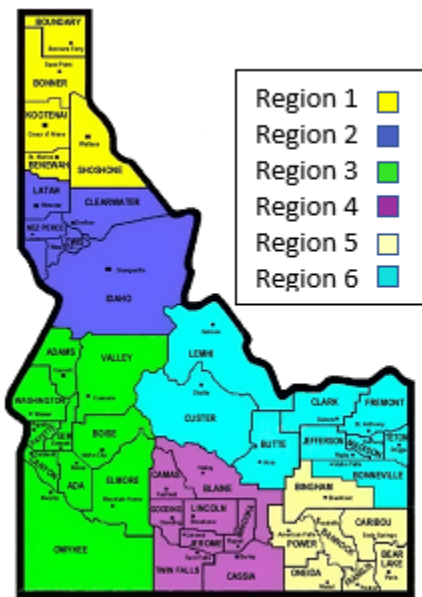
*Home School students are students whose parent or guardian indicated they were home-schooled, and they do not participate in any public-school courses (full or part-time, virtual or in-person).

**school type entry error

Funded students based on regions around the state:

Education Region	Students
Region 1	4,021
Region 2	2,186
Region 3	24,207
Region 4	6,511
Region 5	3,925
Region 6	8,443
N/A*	136

*zip code entry error



ATTACHMENT 2
Timeline of Oversight Actions Through May, 2023

Month	Oversight Actions
October 2022	<ul style="list-style-type: none"> • One week prior to the Marketplace launch (in mid-November) Odyssey had secured 134 vendors. • Board staff consulted with Odyssey on its approval of some vendor applications in cases in which vendor eligibility was unclear. • Odyssey's signed quote states, "After several months of work, we currently have over 538 Idaho small businesses signed up for our marketplace."
November 2022	<ul style="list-style-type: none"> • Online Marketplace opened to Awardees. • Board staff identified potentially ineligible items and notified Odyssey. • Board staff and Odyssey began discussions regarding resolution.
December 2022	<ul style="list-style-type: none"> • Board staff and Odyssey discussed the Idaho statute and developed a list of eligible expenses that could be shared with vendors and parents. • Odyssey contacted some vendors at the request of Board staff to investigate the sale of potentially ineligible products and services.
February 2023	<ul style="list-style-type: none"> • Board staff conducted a review of products and services available for purchase through the Marketplace and flagged ineligible products and services. • Board staff required Odyssey to review the flagged items and report back plans to improve monitoring, review, and removal of ineligible products and services. • Board staff provided further clarity of Eligible Expenses.
March 2023	<ul style="list-style-type: none"> • Board staff flagged purchases of ineligible products and services. • Board staff discussed with Odyssey necessary improvements to Odyssey's processes and procedures to monitor parent transactions and vendor service/product offerings on the Marketplace. • Board staff notified Odyssey of concerns about Odyssey's practice of retaining interest earnings and subsequently notified the Division of Purchasing. • Board staff notified the Division of Purchasing about concerns with ineligible purchases being made in the Marketplace. Board staff requested that Odyssey secure agreements from vendors to ensure awareness of eligible products and services. Board staff requested that Odyssey suspended several vendor accounts.
April 2023	<ul style="list-style-type: none"> • After consultation with the Division of Purchasing, Board staff made a request for Odyssey's financial records, including detailed transaction information in order to facilitate Board staff's internal review of purchases. • The Division of Purchasing issued a Notice to Cure regarding Odyssey's retention of interest earnings.
May 2023	<ul style="list-style-type: none"> • Board staff received the necessary documentation from Odyssey and began an internal review of all Marketplace transactions from November 2022-April 2023. • Board staff and Odyssey developed metrics to help monitor Marketplace transactions and agree upon reporting frequency to Board staff.

ATTACHMENT 3
Tentative Timeline for Third-Party Review

Evaluation Requirements

Idaho Code § 33-1033 requires that the Empowering Parents Grant Program be evaluated by a third-party by June 30, 2024, and every two (2) years thereafter. Specific requirements include:

- the Board shall designate a third party to evaluate the program.
- The evaluation shall be conducted according to criteria set by the board, the senate and house of representative education committees, and the joint finance-appropriations committee.

Estimated Timeline

Date	Action Item
Jul-2023	Board staff establishes matters considered relevant by the Board of Education for inclusion in the scope of work.
Aug –Sept 2023	Board staff seeks feedback on evaluation criteria requested from Board, Senate and House of Representatives Education Committees, Joint Finance-Appropriations Committee, and Parent Advisory Panel
Oct-2023	Board staff finalize evaluation solicitation
Nov-2023	Evaluation solicitation released
Dec-2023	MOU or services agreement finalized
Jan-2024	Selected research firm begins program evaluation
Jun-2024	Third-party evaluation due