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November 24, 1980

Honorable Edmund G. Brown Jr.
Governor of California

Honorable James R. Mills
President pro Tempore of the Senate
and to Members of the Senate

Honorable Leo T. McCarthy
Speaker of the Assembly and to
Members of the Assembly

We understand that you are receiving urgent calls to provide additional State funding for school districts. Much of this urging emanates from the Los Angeles Unified School District, the State's largest district and current recipient of more than $1.2 billion in State aid. Recently, in the course of its continuing examination of school facility utilization and maintenance practices among California school districts, the Commission has received strong, though conflicting, evidence that Los Angeles Unified has failed to manage its physical resources in a cost effective manner, particularly with regard to the utilization of its real property. Based upon what the Commission has learned thus far, and because of the District's call for additional funding now, we feel it is important to advise you of our deep concerns about the appropriation of supplemental monies to a district which apparently is not managing its resources efficiently or economically.

It is the recommendation of this Commission that if any additional State funds are to be allotted to Los Angeles Unified, that the Legislature condition the receipt of those funds upon a clear demonstration by the District that it will take immediate and forceful steps to correct existing inefficient utilization of physical resources.

Since 1972, the Commission has been studying issues pertaining to the economical usage of school buildings and land. Reports exclusively on these issues were published by the Commission in 1973 and 1978, and during the last two years, the Commission has made reference to these issues in letters to you regarding means of reducing governmental expenses. As a part of the Commission's ongoing interest in this area, the Commission conducted a hearing on September 4, 1980 to receive testimony from administrators of ten Southern California school districts. The purpose of the hearing was to ascertain what efforts are being made to improve school facility maintenance conditions and to more economically use school plants during an era of decreased enrollments which has left literally hundreds of classrooms empty. Los Angeles Unified was among the districts represented at that hearing. Information received that day strongly indicated

that--in contrast to the other districts--Los Angeles Unified has not attempted to ensure the economical utilization and adequate maintenance of its plant in the face of a substantially decreased kindergarten through twelfth grade enrollment nor have they questioned current policies. Testimony and Commission research revealed these points and conditions about Los Angeles Unified:

- K-12 enrollment has dropped by 125,000 students since 1970.
- Nearly 100 of 427 elementary schools are greatly underenrolled having less than 300 students each.
- The annual operating cost savings accruing to the District from the closure of an underenrolled school would average about $126,000,and revenue could be generated by leasing or selling property made surplus through a consolidation of schools.
- Between 1955 and 1972, 40 regular schools were, for various reasons, closed or converted for special purposes; but since 1972, during which time the greatest enrollment decline has occurred, no schools have been closed and two have been converted.
- There exists an evergrowing backlog of facility maintenance work presently priced at $225 million, but the District has budgeted less than $12 million for this deferred maintenance.
- At least 41 elementary schools are overcrowded, some packed with an enrollment of more than 2,000 students--five times the enrollment they were designed to handle.
- The areas with overcrowded schools generally need additional facilities since they are too far from the areas of the underenrolled schools to make a balancing of enrollments between the areas through student transfers economically practical.
- The governing board of Los Angeles Unified has repeatedly rejected staff recommendations and Board member motions to examine school consolidation as a means of reducing costs and generating revenue--revenue that might help fund maintenance and construction needs.

At a public hearing held on October 9, 1980, the Commission asked the President of the Los Angeles Unified Board of Education why the Board has not sought to reduce operating expenses and generate revenue by using facility space more economically, especially when such economies would provide badly needed construction and maintenance funds. The Board President's responses were inconsistent and failed to address the question directly. The Commission found the points

of rationale proffered by the President unfounded in fact or unmeritorious on their face. To begin with, the President's implication that underutilization was not really a significant feature of the District because relocatable classroom facilities that were employed during years of peak enrollment have since been removed ignores the fact that 23 percent of the District's elementary schools--which typically are capable of accommodating 450 to 650 students each--actually have enrollments of less than 300 students each (some even have fewer than 100 students). In addition, we know of no evidence to support the President's implication that court-ordered desegregation somehow technically or legally precludes school consolidation. Finally, the Commission was disturbed with the Board President's apparent attitude that the cost savings of only a few million dollars to be realized from school consolidation is too insignificant compared to the revenue needs of the District to warrant the serious attention of the Board.

The Commission vigorously contends that the combined operating cost savings and revenue from the sale or lease of surplus property will generate not the several million dollars stated by the Board President, but several tens of millions of dollars.

Although the Board President stated at the October 9 hearing that she felt the time now was right to begin serious examination of the facility underutilization problem, her testimony failed to convince the Commission that the Board would actually put forth a concerted effort to do so. Consequently, the Commission decided to conduct another hearing on October 28, 1980 to discuss the matter with the full membership of the Los Angeles Board of Education.

At the October 28 hearing the Board was asked to respond specifically to six questions:

1. Why, when faced with staff recommendations and recommendations from certain members of the Board for a committee to look into underenrolled schools, has the Board chosen as a policy matter to reject such a recommendation?

2. How does the Board justify an increase of 132% in their budget since 1973 when faced with a decline of 19% in enrollment?

3. How does the Board intend to deal with the $225 million deterioration to the school facilities?

4. Why has not one school been closed when there are 125,000* fewer K-12 students and almost 100 schools which are grossly underenrolled, all of which have less than 300 students?

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*Based upon 1969-70 enrollment of 654,201 and 1980-81 enrollment of 529,453 (does not include 8,955 pupils enrolled in special education, continuation and opportunity schools of the District).

5. What significant steps have been taken since the passage of Proposition 13 to reduce unnecessary operating expenditures of the District?

6. How are you going to relieve overcrowded schools, some of which are crammed at 500% of their designed capacity?

In responding to these questions, the Board displayed widely disparate policy views for a governing body ultimately responsible for the administration of $1.8 billion of taxpayer monies. Each member responded individually and their responses were in no way coordinated with one another. The organizational disorder exhibited by the Board left doubtful the ability and willingness of its members to work together to conduct the District's business in a reasonably effective and mature manner. The substance of the Board members' remarks only intensified our doubt. Individual written responses have been requested.

Clearly, the Board has been split on the question of school consolidation in the past, and it appears that the split still exists. A minority of members strongly support moving forward on consolidation and have proposed such action to the full Board in the past. These proposals have always been rejected. In response to Commission queries on the reasons for rejection, answers given by the members who opposed the actions largely were of the sort offered by the Board President on October 9. Though somewhat more detailed, the responses were no more credible. In addition, Board member responses to the aforementioned six questions generally were vague and nonresponsive.

The impressions of the Board's inability to govern the District were reinforced later by the receipt of testimony from organizations and individuals within the District. Overall, this testimony described a governing board which is reluctant and unable to manage the District in a fiscally prudent manner. The Commission heard allegations and received apparent evidence of inefficient management systems, poor fiscal controls and a lack of concern of economical administration of operations. The most powerful example of this testimony was supplied by the President of the Thirty-first District Parent-Teacher-Student Association (PTSA). She described the reaction she and another representative of PTSA received when they approached the Board President with the recommendation that the District establish a citizens committee to study seriously the problems of underenrolled and overcrowded schools. A portion of her statement is as follows:

> "To our shock and chagrin, [the Board President's] response was an angry refusal to even listen to us. She said that closure was a buzz word; that she would not even discuss the subject; and that she would go so far as to say that if any board member voted to close any school in the San Fernando Valley, she would never vote for any item that board member brought to the board table."

Based upon testimony from three public hearings and the Commission's own analysis, this Commission urges that no additional funds be provided to the Los Angeles Unified School District until the District has demonstrated satisfactorily to the Governor and the Legislature that its resources are being administered efficiently and that taxpayers' funds are being expended economically.

Sincerely,

NATHAN SHAPELL
Chairman

Assemblyman Richard D. Hayden,
Vice Chairman
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Maurice Rene Chez
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