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THE LOS ANGELES UNIFIED SCHOOL DISTRICT

A REPORT

PREPARED BY THE

COMMISSION ON CALIFORNIA STATE GOVERNMENT
ORGANIZATION AND ECONOMY

(THE LITTLE HOOVER COMMISSION)

JUNE 1981

THE

LOS ANGELES

UNIFIED SCHOOL DISTRICT

BY THE

COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

JUNE 1981

STATE OF CALIFORNIA

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June 26, 1981

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CLARIFYING STATEMENT CONCERNING THE COMMISSION'S REPORT ON THE LOS ANGELES UNIFIED SCHOOL DISTRICT DATED JUNE 1981

Since release of the Commission's report on the Los Angeles Unified School District (LAUSD), several arithmetic and other discrepancies have been noted. Some were discovered by the Commission itself and were addressed at the time of the report's release, while others have been brought to our attention subsequent to that date.

In no instance do the discrepancies in any way affect the substance or the thrust of the Commission's findings and recommendations. However, the Commission would like to acknowledge these discrepancies with the following clarifying statements:

Page 1, Letter of Transmittal, First Paragraph: The Commission noted that State spending for education (K-12th Grade) had increased 237% between 1970-71 and 1980-81. This increase is actually 359% rather than 237%. Also see Page 1, Summary of Findings and Recommendations, Second Paragraph: Change 237% to 359% and 117% to 239%.

Page 2, Letter of Transmittal, First Paragraph: We state the district receives 25% of the total funding for grades (K-12) and it has only 14% of the statewide enrollments. The total budget for LAUSD includes state, federal and local funding constituting 25% of total state funding. In actuality, LAUSD receives 17% of total state funding.

Page 2, Letter of Transmittal, Seventh Paragraph (also see Page 20, Chapter VI, Second Paragraph): The Commission states that of the nearly $80 million cuts proposed by the district in 1980-81, $56 million were subsequently restored to balance the budget. In fact, of the $80 million proposed, $24 million were restored and $56 million in reductions were implemented. The staff draft inadvertently reversed these figures. The percentage reduction should read 3.1% not 1.3%.

Page 3, Letter of Transmittal, Second Paragraph: Notes that the $125 million previously allocated by the State for mandatory busing will no longer be required. This is an observation not followed by a specific recommendation. It is recognized that the mandatory desegregation program involved more than mandatory busing. The Commission finding clearly stated that mandatory busing funds would no longer be required for that purpose.

Page 1, Summary of Findings and Recommendations, First Paragraph: States that the State will spend in 1980-81 $7.34 billion, or 35.2% of the State budget, on educating school children from kindergarten through twelfth grade. This percentage applies to the State's General Fund budget only.

Page 12, Chapter IV, Last Paragraph: States LAUSD is the only district in the State to receive funding for desegregation and busing. Other districts do receive limited desegregation funding and utilize transportation money within the State school fund for integration busing. The amount expended by LAUSD for mandatory busing, however, will no longer be required.

As stated above, although the Commission members and staff regret these discrepancies, which somehow survived the editing process, it is emphasized that in no instance is the central theme calling for vast improvements in the management practices of LAUSD affected by these discrepancies. As footnoted on Page 4 of the Summary of Findings and Recommendations, the Commission has recognized other possible inconsistencies: "Due to conflicting data submitted by the LAUSD and inconsistencies noted between the findings of several independent studies with district data, valid comparisons among some statistics referenced in this report cannot be made. Accordingly, in such instances, statistical notations may appear to be in conflict."

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

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June 3, 1981

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Honorable Edmund G. Brown Jr.
Governor of California

Honorable David A. Roberti
President pro Tempore of the Senate
and to Members of the Senate

Honorable Willie L. Brown, Jr.
Speaker to the Assembly
and to Members of the Assembly

Dear Governor and Members of the Legislature:

More money is spent on education (K-12th grade) than any other single category of expenditure in the State budget. School spending has increased 237% from $1.6 billion in 1970-71 to $7.34 billion in 1980-81; i.e., 35% of the State budget will provide nearly three-quarters of the total revenue of local school districts.

Because of these large sums of money and concerns over the cost effective operations of the services it provides, the Commission, since 1973, has been studying various aspects of (K-12) school operations. Several reports and recommendations have been issued. Recently, in an attempt to determine what school districts had accomplished in relation to these recommendations, the Commission held several public hearings. During the hearings, the Commission became particularly concerned with the management of the Los Angeles Unified School District (LAUSD).

Overall, the testimony and the conclusions of several independent studies clearly indicate the district's lack of concensus, concern and its reluctance and/or inability to manage the $1.27 billion in State funds in a fiscally prudent manner. The Commission received allegations and ample evidence of inefficient facility utilization and maintenance practices, poor management systems and fiscal controls and a lack of concern for the economical administration of the district as a whole.

The Commission's preliminary findings were submitted in a letter dated November 24, 1980 to the Governor and the Legislature. After a comprehensive review of the testimony, independent management reports and studies (described on page 3 herein), the Commission's findings and recommendations are presented and summarized below.

FINDINGS

- There has been a 132% increase in the budget since 1973, while inflation increased at 91.6% resulting in a cost increase of 40%. Although the district receives 17%*of the state funding for grades (K-12) it has only 14% of the statewide enrollments.

- In comparison to other school districts, the district experienced a greater decline in enrollment since 1970, the least reduction in teachers and an increase in administrators.

- While nearly one-fourth of the 427 elementary schools are underenrolled for their capacity many are operating at an average of only 58% of this capacity. Concurrently, other schools are overcrowded, some of which are crammed to 500% of their capacity. Costs per pupil also vary from $2,520 in the underenrolled school to $1,040 in the overcrowded facility.

- At a cost of $72 million the district responded to the underutilized school issue by reducing class enrollment size from 34 to 27 in several grade levels. This resulted in a net effect of the need to accommodate 45,000 more students.

- The Board has ignored in the past and we have seen no plans to date to address the $225 million maintenance backlog. This situation was allowed to accumulate during a period when the district had a large budget surplus that could have been used to reduce the backlog.

- Repeated staff recommendations and requests from PTA officials to study underutilized schools has been ignored by the LAUSD Board until recent weeks. The Board's inaction to take cost saving measures by reducing the number of underutilized schools has resulted in additional costs to the taxpayers of millions of dollars.

- Budget cuts of nearly $80 million (including 500 management positions) were proposed for 1980-81 fiscal year in order to balance the district budget. However, $56 million were reinstated, resulting in only a 1.3% reduction in the budget. The district administration has concurred (1) that not enough cuts were made in previous years and the district now suffers from its failure to reduce its operating budget, and (2) that administrative costs were high because of the Board's decision to maintain and operate many underutilized schools by district standards.

- Management controls in budgeting, accounting, inventory and personnel are severely lacking. The Board admitted they did not understand the basics of the system nor did they control it. Implementation of a proposed management information system has failed to meet six successive deadlines since approved by the Board in 1972 and is still in planning stages. The budget process, according to most sources noted in the

* In the original printing, this was reported as 25%.

report, is archaic, ill-conceived and unintelligible. The lack of an effective inventory system has resulted in duplicative orders, shortages in some areas and surpluses in others. The district also could not provide readily available and accurate reports on the numbers and types of its personnel.

- The $125 million previously allocated by the state for mandatory busing will no longer be required.

- Legislation, regulations and State Department of Education management/administrative practices are in many instances duplicative, overlapping, inappropriate and undermine the economical operations of school districts.

BASIC RECOMMENDATION

Based on these findings, the Commission believes the district and the State must take corrective action to restore the confidence of the public and the Legislature. The taxpayers deserve more than the generally inadequate and wasteful management practices in the administration of the district's total budget of $1.8 billion.

The LAUSD and in particular its governing Board must demonstrate to the Legislature and the Governor that its resources are being administered efficiently and effectively and the funds are being expended economically. If this cannot be done, it may be necessary (as suggested in Assemblyman Bosco's bill recently introduced to preempt district's discretionary authority over some of its properties) for the Legislature to assert fiscal controls over the operations of the district.

The Commission urges prompt consideration of the recommendations made in this report and that there be a further evaluation of the management practices of the LAUSD, as well as other large districts. In addition, at the suggestion of the Senate Leadership, the Commission will conduct an in-depth analysis of the cost effectiveness of programs in the State Department of Education in containing costs and enhancing the educational productivity of K-12 education in our State.

Sincerely,

NATHAN SHAPELL
Chairman

James F. Mulvaney, Vice Chairman
Senator Alfred E. Alquist
Maurice Rene Chez
Benjamin Felton
Dixon R. Harwin
Nancie Brooke Knapp
Senator Milton Marks
Manning J. Post
Richard S. Trugman
Assemblyman Frank Vicencia
Jean Kindy Walker
Assemblyman Phillip Wyman*

*Assemblyman Wyman was appointed to the Commission on May 15, 1981. Accordingly, he did not participate in the Commission's public hearings on this study.

THE LOS ANGELES UNIFIED SCHOOL DISTRICT

TABLE OF CONTENTS

		PAGE
I.	SUMMARY OF FINDINGS AND RECOMMENDATIONS	1
	Background	1
	Summary of Findings	2
	Recommendations	3
II.	FUNDING CONSTRAINTS	5
	Proposition 13	5
	Inflation	5
	Proposed Funding Cuts	5
	Excessive Deferred Maintenance	6
	Fiscal Effects of State and Federal Mandates	7
III.	DECLINING ENROLLMENT	9
IV.	FACILITY AND SITE UTILIZATION	11
V.	FACILITY MAINTENANCE	17
VI.	FISCAL MANAGEMENT	19
VII.	MANAGEMENT INFORMATION SYSTEM	23
VIII.	PERSONNEL MANAGEMENT	27
IX.	OBSTACLES TO EFFECTIVE DISTRICT MANAGEMENT	29
X.	APPENDIX	31

I. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Background

In fiscal 1980-81, the State of California will spend $7.34 billion, or 35.2% of the total state budget, on educating school-aged children from kindergarten through twelfth grade.[1/]

State spending for schools has increased from $1.6 billion in fiscal 1970-71 to $7.3 billion in fiscal 1980-81. During this period, state financing of local schools has increased 237% while inflation, according to the Consumer Price Index, has increased 120%... a 117% difference.

Concern by the Legislature and the Commission over school districts' cost-effective use of increasing state funding resulted in the Commission's 1973 study and report of the School Building Aid Program.

In 1978, the Commission issued a second report, entitled "A Study of the Utilization of Public School Facilities, Grades K-12." This report called attention to problems in school administration, school site underutilization, declining enrollments, overcrowding, and the need for additional resources. This 1978 report noted:

1. Statewide enrollment in grades K-12 dropped more than 300,000 students since 1970.

2. Many school districts had failed to adjust facility inventories appropriately and failed to provide adequate maintenance. This neglect resulted in statewide maintenance backlogs of over $750 million and large surplus property holdings.

The Commission recommended consolidation of underutilized schools, selling or leasing surplus properties and improving management practices. Since that report, statewide enrollment has declined a total of 600,000 students, while maintenance backlogs have increased to over $900 million.

In 1978, Proposition 13's passage limited school districts' capacity to respond to many of these serious problems which, in some districts, were the result of a decade of inefficient management practices. To make up for local revenue losses, the state assumed the bulk of school financing. But since Proposition 13, the state has also encountered funding limitations as a result of declining revenues, the exhausted state budget surplus and the persistent public demand for economy in government.

These issues called for greater accountability, and the Legislature's concern over spending for education led to additional Commission hearings to determine if schools districts had taken additional measures to more effectively manage their resources.

1/ Figure does not include federal funds going directly to school districts or local revenue contributions.

Hearing testimony indicated that many school districts had taken steps to implement measures recommended in the Commission's 1978 report. However, the Board of Education of the Los Angeles Unified School District (LAUSD), the state's largest district, did not take any significant steps to act on community group requests and staff recommendations to address the problem of maintenance, facility utilization, declining enrollment and overcrowded schools.

Thus, the Commission held four public hearings to assess the policies and management practices of LAUSD. During this same period, LAUSD appealed to the Legislature for additional financing. In a legislative budget hearing, LAUSD representatives either could not or chose not to answer how the district planned to spend the additional state funds. Later, in a meeting with Los Angeles County Legislators, an open dispute took place between the Los Angeles Superintendent of Schools and the LAUSD Board President over how the money was to be utilized.

At a hearing by the Assembly Ways and Means Subcommittee on Education, LAUSD representatives stated they were not actually being treated unfairly, but did have special problems unique to their district. One alleged problem was declining enrollment, but it was later demonstrated to be no greater than in other districts. Another alleged problem was loss of child care funds. This was the subject of a hearing which the district, according to one LAUSD official, chose not to attend. When LAUSD asked the Governor to call a special session of the Legislature, he instead established a special task force to investigate the need for additional funds.

In response to LAUSD's pressure to call a special session, the Commission, on November 24, 1980, submitted to the Governor and the Legislature a letter indicating its preliminary findings from LAUSD public hearings. The letter recommended 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.

Summary Findings

The Commission has since completed its review of LAUSD. The Commission's findings discussed in this report can be summarized as follows:

> THE COMMISSION CONTENDS THAT THE LAUSD BOARD HAS NOT MANAGED THE DISTRICT'S FISCAL OR CAPITAL ASSETS EFFECTIVELY, NOR HAS IT PROVIDED EVIDENCE OF GOOD FAITH EFFORTS TO IMPROVE THE COST-EFFECTIVENESS OF THE DISTRICT'S OPERATIONS. IN SHORT, LAUSD HAS MISMANAGED ITS $1.8 BILLION OF TAXPAYER DOLLARS.

Several independent studies of LAUSD policies and management practices also dispelled the district's claims of being underfunded. They uncovered major deficiencies in the administration of the district's operations. Each of the studies are summarized as follows:

- Governor's LAUSD Task Force concluded that, contrary to the district's claim, the district was not uniquely disadvantaged by state school finance programs.

- LAUSD Collective Bargaining Fact-Finding Committee reported difficulty in comprehending the district's complex and confusing budget process that is still deficient by taxpayers' standards. The budget format is in serious need of revision and should be reviewed annually by the Legislative Analyst's office.

- Department of Finance Contract Study by the Accounting Firm Deloitte, Haskins & Sells reported district personnel had acknowledged that the financial information was marginally adequate and that the management system (proposed for the last seven years) is of immediate importance.

- Ernst & Ernst management consulting firm reported the district's present management system is unresponsive, piecemeal and unintelligible. They recommended that the district proceed with vigor in correcting the deficiencies.

- Radio Station KFWB in Los Angeles interviewed LAUSD Board and staff members and surveyed district schools with low enrollments. The findings noted a median enrollment of 58% capacity in underenrolled schools. Their conclusion was that, "The district chose to bury their head in the sand and hope the problem will go away."

Details of the aforementioned studies and the analysis of the Commission's LAUSD hearing testimony are discussed by functional area in this report.

Recommendations

The Commission recommends that:

1. The LAUSD develop and implement a comprehensive plan to relieve overcrowded schools, consolidate underutilized schools and lease or sell schools and properties at market value. Revenues generated from this action should be used to reduce deferred maintenance projects and relieve overcrowded schools.

2. The LAUSD implement the proposed Payroll, Personnel, Budgeting and Accounting System (PPBA) and student data information systems.

3. The LAUSD implement a centralized procurement and inventory control system.

4. The LAUSD initiate a labor relations program.

5. The State Department of Education study and revise existing data collection systems and fiscal and enrollment reporting systems to allow for district-to-district comparisons.*

6. The Legislature amend the Santa Monica Mountain Conservancy law cited in the Public Resources Code, Title 23, Chapter 3, Section 33207(a)(b) to enable LAUSD to sell land effected by this Code at the fair market value.

7. The Legislature designate an appropriate state review authority to evaluate the annual budgets of the eight largest school districts for the purpose of identifying opportunities for cost savings.

8. The Legislature provide for an annual review of all mandated programs to ensure that funding is adequate and district expenditures are made in a prudent and cost-effective manner.

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* Due to conflicting data submitted by the LAUSD and inconsistencies noted between the findings of several independent studies with district data, valid comparisons among some statistics referenced in this report cannot be made. Accordingly, in such instances, statistical notations may appear to be in conflict.

II. FUNDING CONSTRAINTS

Over the past ten years, several factors have affected school financing. The impact of Proposition 13, inflation, excessive deferred maintenance and proposed federal/state funding cutbacks and mandates have, in some cases, curtailed local school districts' capability to effectively manage their resources. Each factor and its effect on LAUSD are discussed below.

Proposition 13

Prior to the passage of Proposition 13, state school financing was $3.6 billion, or 26.4% of general fund expenditures. Local school district revenues were limited under AB 90, which also mandated state financing of costs beyond those covered through local tax revenues. Proposition 13 further limited local revenues, and state support increased to $7.3 billion in FY 1980-81, or 35.2% of general fund expenditures. This was an increase of $3.7 billion, or 103% from FY 1978-79.

This increase in state financial support for school districts has been greater than the loss in local revenues resulting from Proposition 13. In LAUSD, state revenues increased from $750 million in 1978-79 to $1.27 billion in 1980-81. This $250 million increase is over five times the $100 million the district contends it has lost since the passage of Proposition 13. Thus, this district has yet to be financially impacted by Proposition 13.

Inflation

While the total LAUSD budget increased from $776 million in 1973-74 to $1.8 billion in 1980-81--a 132% increase-- inflation measured by the Consumer Price Index increased 91.6%. This is a 40% difference.

However, in 1980-81 the state's average daily attendance funding provided for an 8.6% increase over previous years' general purpose revenues and a 7.6% increase over the same period for mandated programs. Although this increase does not keep pace with the 12.8% inflation rate reported by the California Urban Price Index, this figure does not take into account either the LAUSD enrollment drop of 18% or the district's option (under AB 8) to submit State Board of Control claims above their costs.

Therefore, although the LAUSD has experienced inflation (as have all school districts), total state appropriations have increased at a rate greater than that of inflation.

Proposed Funding Cuts

The Reagan Administration has indicated it intends to cut federal funding for most educational programs by 25%.

According to staff reports of the U.S. Department of Education and the Senate Education Committee, the proposed cuts for FY 1981-82 would result in an estimated deficit for current California programs of $400 to $500 million.

- $400 million in general education support.
- $61 million for handicapped and special education funding.
- $1.6 million in state library funds.
- $1.3 million for school-age children of federal employees.

These reductions, if approved, will cause a major revenue loss in large districts such as Los Angeles which operate a number of federally supported programs.

Depending upon which programs are actually cut and which, if any, mandates are eliminated, LAUSD may require an additional state augmentation to continue to operate its current services mandated by the federal and state governments.

The federal block grant funding proposal will pose additional problems to state mandated programs. Under this mechanism, categorical programs will be consolidated and federal funds will go directly to the school districts. This will eliminate the state-level support for administration of various categorical programs. The block grant approach would cut $125 million from the $500 million currently allocated to the state for administration of categorical programs. Without the additional funding for administrative overhead, the State Department of Education will not have the fiscal resources to carry out its state and federal mandates.

Compounding the problem of decreased federal support, state funding is no longer available to school districts to replace federal cuts or to supplement local tax revenues. All knowledgeable reports are that the state budget surplus will be depleted in 1981-82. Unless reductions in state funding programs are made, there will be a state General Fund deficit of $96 million, given current levels of funding for most state programs. State funding for K-12 education will be reduced from $8.1 billion in FY 1980-81 to $7.7 billion in FY 1981-82 per total adjusted programs of the Governor's Budget. Such local assistance cuts may force local school districts to institute additional cost saving measures, however, the proposed state cuts are in areas other than basic educational programs.

Excessive Deferred Maintenance

Another problem facing school districts statewide is the $900 million backlog in deferred maintenance projects. According to the California Association of School Business Officials, the deferred maintenance and facility deterioration costs are over $80 million per year.

The results of the 1978 Department of Finance Report on School Facilities and Maintenance strongly suggest that part of the financing difficulty is that "too many districts maintain substantial excess classroom capacity in operating under-enrolled schools." There are currently 170 school districts holding 336 underutilized schools. In the LAUSD nearly one-fourth of its elementary schools are underenrolled, and contribute to the LAUSD maintenance backlog of $225 million.

This situation has resulted in few districts budgeting sufficient funds to reduce the backlogs, and no district has available sufficient funds to correct current maintenance deficiencies.

Fiscal Effects of State and Federal Mandates

Special education for the handicapped and bilingual services are the major previously optional school programs now mandated. Costs associated with these programs include: hiring teachers and assistants with special training; reducing class sizes; purchasing special equipment, materials and supplies; and providing additional transportation, greater facility space and additional program administrators.

The LAUSD claim that many of its financial problems are due to such mandated programs cannot be confirmed. State funding for LAUSD's mandated programs have increased by 74%, from $235 million in 1976-77 to $552 million in 1980-81. Mandated funding increased total revenues available for the district despite declining enrollment.

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III. DECLINING ENROLLMENT

The findings do not support the position that the LAUSD has been financially disadvantaged. On the contrary, they implicate the Board itself for failure to responsibly manage the district's assets in a period of declining enrollment.

- Declining enrollment of 125,000 students since 1970 was a primary rationale given by the district to defend its financial difficulties.

- According to the Governor's LAUSD Task Force, since 1976-77 the district experienced a greater rate of K-12 enrollment decline than did the state as a whole. However, two of the four comparison districts also experienced declines of a magnitude comparable to LAUSD.

- The LAUSD board selected a policy of not making appropriate fiscal cutbacks to meet declining enrollments. Under the state "phase-out-plan," school districts were provided two-thirds of the average daily attendance funds for each pupil the district lost. The purpose of this plan was to allow the district time to adjust to declining enrollment through teacher/administrator cutbacks and facility consolidation. LAUSD instead used the "phase-out" money to maintain existing program support services and increase salaries. LAUSD chose not to make cutbacks corresponding to reduced enrollment despite the knowledge that phase-out monies would end in FY 1980-81. According to the Legislative Analyst's office, the district, under the phase-out law, was allowed to keep $42 million of the $60 million lost from declining enrollments (based on Average Daily Attendance assistance formulas) in 1980-81. In addition, the district was also allowed to retain $33.8 million in FY 1979-80 under the phase-out money plan. The district thus received a total of $75.8 million in state funding for declining enrollments and made no attempt to correspondingly reduce costs.

  The district's response to the disposition of the phase-out monies was, "Because of declining enrollment and limited resources available to fund instructional programs and the annual uncertainties as to the level of funding for subsequent years, it has been of practical necessity to treat declining enrollment credits (phase-out money) as available revenue to finance ongoing instructional programs." Responses such as this were the rule rather than the exception during Commission hearings with LAUSD.

  The result has been to delay the budget reductions required as a result of the difference between the district's revenue and costs which relate directly to student enrollment. The district, in essence, demanded funding for students it didn't have.

- Another Board response to declining enrollment and under-utilized facilities was a policy to lower class size from 34 to 27 in grades four through eight. This resulted in an increased need for classroom space and teachers which was equivalent to an increase in enrollment of 45,000 students. This fact was pointed out to the Board by the Director of the Board's independent analysis unit in its October 27, 1980 capital utilization report. What the director failed to point out was the cost of this decision. At an average cost of $1,600 per student (according to the State Department of Education), the Board created an additional $72 million cost to taxpayers.

  In response to this finding, the Board argued that mandated programs were responsible. However, the Board did not relate that only special education and desegregation impact classes required reduced class size, and that these represented a relatively small number of classes district-wide.

IV. FACILITY AND SITE UTILIZATION

The LAUSD Board has failed to respond to declining enrollment, underutilization and overcrowding of schools. It has been reluctant to manage resources in a cost-effective manner. The Board displays widely disparate policy views over school consolidation and closure as a means of reducing costs and generating revenues. The claims by the Board that the district has been financially disadvantaged by virtue of declining enrollments and busing were not substantiated. The testimony given by Board members to date has been generally vague and unresponsive to the Commission's specific questions. Although the district has lost over 125,000 students since 1970, it still has the same number of schools open.

- Nearly 100 of LAUSD's 427 elementary schools and 10% of its junior high schools are underenrolled, having fewer than 300 students and 800 students respectively. Some elementary schools have fewer than 100 students. Most of these schools are designed to accommodate nearly twice this capacity. The district's Director of Building and Planning testified that, at an elementary school enrollment of less than 300 education programs suffer and expenses become uneconomical. He also stated that the most efficient use of elementary facilities requires an enrollment of 700 to 800. For junior high schools, the most economical enrollment, according to the Director, is 1,000.

- A School Utilization Research Study conducted by radio station KFWB in Los Angeles interviewed district Board and staff, and surveyed district area schools with low enrollments. The findings noted a median enrollment of 58% capacity in underenrolled schools.

  Capacity and enrollment figures for Los Angeles City School District Area 10 presented the most striking evidence of declining enrollment and school utilization management by the Board. Below are listed 15 examples of inefficiency in school use as reported by KFWB:

School	Capacity	Enrollment
Calabash	428	216
Capistrano	414	269
Chatsworth Park	561	368
Collier	449	229
Hamlin	371	211
Justice	417	231
Haynes	589	217
Highlander Rd.	374	95
Lockhurst Dr.	787	216
Nevada	613	369
Oso	321	218
Platt Ranch	420	143
Pomelo	505	236
Serrania Ave.	478	315
Welby Way	659	422
Woodlake	388	260
Woodland Hills	696	298
West Valley, C.E.S.	351	235

- While many schools are underutilized, others are overcrowded. Forty-one (nearly 10%) of the elementary schools are overcrowded. Some of them are crammed to 500% of their designed capacity. As one Board member testified, "No logical excuse can be offered for the maintenance of schools where students are crammed in like sardines with the simultaneous preservation of a country club atmosphere for others." Another Board member said that in overcrowded schools the cost is $1,040 per student compared to $2,520 per student in underutilized schools. According to the Deputy State Superintendent of Public Instruction, the average statewide per-student cost is $1,600.

  Because of internal LAUSD boundaries, an underenrolled school may be located only minutes away from an overcrowded school in another area of the district. To relieve overcrowding, in one instance the district proposed to build another school minutes away from one that was underutilized.

  Although the district did develop a plan to deal with overcrowded schools, it was derelict in its efforts until a court order demanded the plan be developed.

- Mandatory busing was cited as another reason for LAUSD's financial crisis, although the districts costs were covered by state and federal funding for desegregation. The Board also alleged that high transportation costs prevented overcrowded inner city schools from sending students to underenrolled suburban schools. But in reality the district is the only district in the state to receive funding for desegregation and busing. In addition, the $125 million being allocated for busing will no longer be required as a result of the recent court decision.

- Capital outlay projects of $25 million were budgeted while the district, until recently, failed to apply for the $400 million in statewide funds available for such projects. According to the Collective Bargaining Fact-Finding Report, the district could obtain $6 million to $7 million of unused state monies if such an application were made. When asked why the district did not apply, the budget director stated it was his impression the district would not qualify, but he was not sure why not. The director of school building and planning said the district didn't qualify because it had surplus space in underenrolled schools.

  However, according to an article in the Los Angeles Times, the executive director of the State Board of Allocation indicated there were no specific regulations that would exclude Los Angeles from obtaining this money for overcrowded schools. He stated that although the Board's failure to close underutilized schools might hurt its case, he thought LAUSD could make a persuasive argument. Upon receipt of this information, the district superintendent instructed his staff to apply for the funds.

- In the face of under-utilized and unused facilities as well as fiscal constraints, the LAUSD Board decided to purchase three two-story office buildings for a new administration center at the cost of $4 million. This action was taken without attempts to consider surplus space or to sell surplus property and facilities to generate revenues to cover the administration center purchase costs.

- The Board repeatedly rejected staff and PTA recommendations to study the school underutilization problem as a means of reducing costs and generating revenue. In one instance, the Board president, after an angry refusal to listen to the declining enrollment, school consolidation and closure issues, stated that "closure was a buzz-word and the Board will not discuss the subject." If any Board members did, she said she would "never vote for any item brought by them to the Board table."

  After several requests to study the issue, a Board member made a motion in the Spring of 1980 to study school underutilization caused by declining enrollment. The motion cited 40 schools (closures or equivalent to a $40 million annual savings by the most conservative estimates) and nine unused school sites to be considered for sale. This was a motion not to close any schools, but merely a proposal to form a committee to study the possibility. However, the motion was defeated by the Board.

- In response to the Commission's question of why a facility utilization plan has not been prepared, the Board President said that no planning related to consolidation of underutilized schools could occur because technically or legally

busing precluded school consolidation efforts. When reminded by Commission members that the school utilization problems existed before mandatory busing, the Board President stated that the present Board could not be held responsible.

Several other explanations cited by the Board and staff for the delay in studying the issue include:

"The school-age population will increase in the eighties due to an increased number of child-bearing women from the post-war baby boom."

"The children who have left the district because of desegregation and busing will return when this is resolved."

"A plan for more efficient utilization of existing facilities should not be attempted until complete demographic and cost-effectiveness studies to help predict future enrollment patterns and cost savings are completed."

One Board member expressed that the real reason for the Board's failure to conduct facility utilization planning was the strong opposition to consolidate facilities and political pressure to prevent such action.

- Alleged obstacles cited by the Board and district staff do not justify evading the school closure issue. Similar problems are faced by all other large school districts, yet other districts are becoming accountable to taxpayers through consolidation and leasing or sale of unneeded schools.

According to the Commission's study of school utilization, as well as information supplied by the State Department of Finance and the California Association of School Business Officials, 289 schools were closed and 185 underenrolled schools were actively considered for closure as of November 1979. The examples are numerous: Downey School District - 9 closed; Fullerton School District - 2 closed, 3 planned closures and 2 sites up for sale; Bellflower School District - 50% closed; Palos Verdes School District - 3 closed; Garden Grove School District - 11 closed; Redondo Beach School District - 3 closed (1 school per year for the past 3 years); San Francisco School District - 30 closed; Belmont and Santa Clara School Districts - 75 closed; San Diego School District - just completed school closure and consolidation master plan.

In addition, many other districts currently lease their properties and facilities for market value revenues. Although school closure/consolidation and lease/sale of surplus facilities statewide has not been and will not become a panacea for school financing, it has resulted in significant operating cost savings.

- In LAUSD, between 1955 and 1972, 40 schools were closed or converted for special purposes. Since 1972, during the period of the greatest enrollment decline (125,000 students) no schools or unused school sites have been sold or converted for other purposes.

The district estimates that approximately $18 million would be saved by closure of schools. This figure, however, represents only savings realized from operating and maintenance costs. The director of building and facilities planning stated that closing under-utilized schools would result in savings of only about $125,000 per school and thus is not crucial when considering an almost $1.8 billion budget. He also indicated revenues of approximately $13 million could be realized from the sale of declared surplus or unused school sites and properties. Leases might also be considered for those sites not sold.

The director also pointed to several obstacles involved in the sale process:

1. Lengthy procedures mandated by the state for sale of school properties.

2. Santa Monica Mountain Conservancy's first right of refusal to acquire, at the original acquisition price, any school site for sale within its jurisdiction. He stated changes in the existing law would be required. Public Resources Code, Title 23, Chapter 3, Section 33207(a)(b) was cited as the reference.

The real obstacle, from the Commission's viewpoint, was best described by the LAUSD Board President:

"The cost savings realized through closures represented only a few million dollars and was insignificant compared to the revenue needs of the district and other more pressing concerns that warranted the attention of the Board."

The Commission, however, contends the actual savings realized from school closures (with a corresponding reduction in personnel and maintenance) and revenues generated from the sale of properties at fair market value is much greater than district estimates. For instance, a 7.4 acre unused school site was recently offered for sale at a minimum bid of $920,000. It sold for $1.5 million. The district also owns a 6,000 acre parcel in Mendocino County that could be sold. Although a $950,000 offer on the property has been made the district has yet to sell. This reluctance has resulted in legislation being introduced by Assemblyman Bosco that would remove the district's authority to determine when the Mendocino property should be sold.

- In February of 1981, the Board finally elected to study the declining enrollment/facility utilization problem. To date, however, the only action has been adoption of guidelines to establish a committee to conduct the study.

  The Commission, PTA groups and the independent study of LAUSD commissioned by the Department of Finance to examine the district's management all expressed serious doubts that this committee would receive the support it needs to accomplish the task.

  There is little evidence to indicate the LAUSD Board has made serious efforts to address declining enrollment. The Board's historical reluctance to even acknowledge the issue in spite of enrollment decline, no parallel drop in operating expenses, increased deferred maintenance backlogs, and avoidance of staff and community recommendations has resulted in not one school being closed in LAUSD. The testimony of the LAUSD Superintendent of Schools reflects the attitude of the Board in its refusal to economically utilize existing resources:

  "The administrative high costs are because of the Board's decision to maintain grossly underutilized facilities."

V. FACILITY MAINTENANCE

The Commission's hearings revealed that LAUSD has failed to economically manage its maintenance program.

- Twelve million dollars was budgeted for FY 1980-81 to deal with a $225 million maintenance backlog, while the district maintained a surplus of funds for the past ten years.

- No plans have been made to deal with maintenance backlogs except in overcrowded schools as the result of a court order. Concurrently, there are no efforts to close and sell underutilized facilities to reduce maintenance costs.

- In response to Commission questions on facility maintenance, the Board members either avoided responding or stated they could not provide plans as to how the Board intends to deal with the backlog.

- The district recently established a $3,165,000 maintenance set-aside fund for use as a match to state funds. This was the only evidence the Commission received that the district had attempted to reduce the maintenance backlog.

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VI. FISCAL MANAGEMENT

The Commission's evidence of LAUSD's inability to manage a cost-effective facility utilization and maintenance program led to an examination of the district's other management practices. Overall, this inquiry produced a picture of a governing board which is reluctant or unable to manage the district in a fiscally prudent manner. The Commission heard allegations and obtained evidence of an inefficient management system, poor fiscal controls, and a lack of concern for economical administration of its operations.

- In spite of the district's claims of being underfunded, there has been a 132% increase in the LAUSD budget since 1970 and only a 91.6% increase in inflation (a difference of 40%), while there was a concurrent 18% decrease in enrollment. Since the passage of Proposition 13, the total district budget increased 41.7% (from $1.27 billion to $1.8 billion), a rate also higher than inflation for the period.

- The Governor's Task Force on the LAUSD consisted of William Hamm, State Legislative Analyst; his staff; and representatives of the Department of Education, Department of Finance and Legislative Education Committees. The Task Force was assembled to determine if state law governing the financing of school districts had operated to the unique fiscal disadvantage of LAUSD. In its November 10, 1980 report, the Task Force staff concluded that the information it had evaluated up to that time "did not substantiate the claim that LAUSD has been uniquely disadvantaged by the current school finance programs." The Task Force members reported that the district was, in fact, guilty of deficit spending since Proposition 13. Now that their surplus was gone, additional state support was sought. The district's financial problems were not the fault of underfunding by the state. In fact, the district received proportionately more funding than other large districts. These conclusions were based upon a comparative analysis of fiscal, workload and personnel/staffing data on LAUSD and four other large urban school districts. Specifically, the Task Force reported:

  1. From 1975-76 through 1980-81, LAUSD discretionary (unrestricted) revenues increased by a greater percentage than did the non-discretionary (restricted) revenues of three of the four comparison districts. However, LAUSD's discretionary revenues in the current fiscal year (1980-81) are expected to increase over the previous year by less than the statewide average. Meanwhile, two of the comparison districts will experience increases in the current fiscal year about equal to the statewide average, another district will be below the average and the fourth district will be above the statewide average.

2. Under a law which requires the state to pay for programs mandated by the Legislature or the courts, LAUSD receives additional funds to finance court-ordered desegregation programs. Voluntary desegregation programs at the comparison districts receive no similar additional aid. (To the extent that state funding of LAUSD's court-ordered desegregation programs might be insufficient to cover the cost of those programs, the District may submit a claim for full payment under the law.)

- Cuts of nearly $80 million were proposed by the district in 1980-81 to balance the budget. But $56 million was reinstated, resulting in only $24 million (1.3%) of the $1.8 billion budget being cut. This action, according to the special assistant to the Superintendent, resulted in the district having to utilize its reserve fund established for anticipated teacher salaries.

  According to the director of the Board's independent analysis unit, the Board had to then seek help from the state. In an interview reported in the Los Angeles Times, the district's administration conceded that not enough cuts had been made in past budgets and the district now suffered from the reductions it did not initiate previously.

- The Commission also questioned the need for 10 area administrative offices which appeared to duplicate the responsibilities of school principals and discourage the efficient utilization of facilities with arbitrary geographic boundaries. (See discussion on declining enrollment.) Previously there were twelve administrative offices, but two of these were closed in a post-Proposition 13 cut. However, there was no corresponding reduction in personnel.

- While the district states it is uniquely disadvantaged and in need of additional state funding, it simultaneously maintained:

  1. $7,500,000 savings from unexpended federal funds for mandated programs.

  2. $25 million in unexpended funds set aside for overcrowded schools, most of which is to be replaced by state Capital Outlay for Higher Education (COFHE) funding now available to K-12 facilities.

  3. $18 million in child development (care) funds due to the district's being paid twice for the same program when the Legislature replaced federal funding which was cut back.

  In this last instance, the district was to deduct the $9 million in funds for child care from its 1979-80 budget.

But through a legal loophole, the district retained the funds while another $9 million was provided. Only one-half of the total was used for child care while the other half was expended to maintain optional programs and to increase salaries.

- A Fact-Finding Report prepared by a collective bargaining task force to assess the district's capability to fund salary increases reported the following:

  1. LAUSD has survived since Proposition 13 by living off surpluses without cutting operating costs in the period of declining enrollment.

  2. The primary reason LAUSD wants more money is for salary increases and the district has done little to utilize fiscal resources more economically.

  3. Monies for salary increases are available in the budget but these are one-time-only monies.

  4. There are no hidden sources of revenue or unaccountable funds in the district budget.

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VII. MANAGEMENT INFORMATION SYSTEM

The Commission found three situations which have contributed to the waste of millions of tax dollars: (1) nearly a decade of delays in developing a management system to control costs, (2) inadequate budgeting and accounting practices, and (3) a lack of an inventory system.

- A Management Information System (Personnel, Payroll, Budgeting, Accounting and Student Data System) first approved by the Board in 1972 has thus far failed six times to meet deadlines for being in operation. According to an interim status report on the system by the Board's independent analysis unit, the Board in 1971 approved a request to put into operation a district management information system (PPBA/SDS) by 1977. Since 1977, completion dates of June 1977, October 1979 and December 1980 have passed, and staff received a supplementary appropriation of $500,000 for programming services. The latest completion date of June 1981 has now been delayed to December 1981. As of April 1981, there is little evidence of responsible attempts to accomplish the task. As of March 1981, the acting director of the Board's independent analysis unit reported to the Board that their request for an outside review of the system should be held in abeyance until it could be determined what progress the project had made to date.

- Budgeting, accounting and other management controls were found to be lacking by several studies of the district's management systems.

  The LAUSD Collective Bargaining Fact-Finding analysis of the district also reported that the budget process is in serious need of revision. The study members noted that they devoted much misspent time due to the vagaries of complex and confusing budget categories and formats.

  The report concluded by stating the Legislative Analyst's Office should conduct an annual review of the district's budget as it does of the Governor's Budget.

- The Deloitte, Haskins & Sells Report was prepared under contract with the Department of Finance to assess the fiscal and management practices of LAUSD. The mission was to specifically assess the district's budgetary process, management system, fiscal and budget process, administrative operations and real property management.

  Although there were substantial deficiencies in the study, the findings obtained through comments by district personnel during interviews indicated the current management system is only marginally adequate. The study concluded:

  . In some instances financial reports are not received on a timely basis after the close of a period.

- Budget-to-actual reporting could be improved by adding information such as quarterly budget spending plan limits.

- The current systems are not integrated and produce reports that sometimes need to be reconciled.

- The payroll system is old and difficult to maintain. Some employees have on occasion received payroll checks late.

The report recommended that the Department of Finance evaluate the need to review the current status of the proposed PPBA Management Information System, including the status of:

- Implementation time schedules

- Manpower resource requirements and availability

- Programming and testing

- Implementation, conversion and parallel processing plans

- User policy and procedures manuals

- Plans for user training.

- The management consulting firm of Ernst & Ernst, conducted management studies of various school districts, including the LAUSD. The firm's LAUSD management report stated the district's budgetary process is archaic and poorly conceived. Internal accounting was lacking, especially in regards to costly school equipment. District area administration was also lacking in management control. The report recommended that district reporting systems should be standardized statewide so comparisons of revenue and staffing patterns could be made among districts for comparability from year-to-year, district-to-district, and for discretionary and non-discretionary funds.

- No centralized inventory system exists, resulting in duplicate orders, significant unexpended funds with simultaneous shortages in some schools, surpluses in others and inequitable text allocation practices.

  District staff acknowledged that they did have duplicate orders and have been remiss in certain areas. The staff also stated that it did investigate the cost of a centralized inventory system, but their analysis concluded that it was not cost-effective. Reference was made to an inventory system established to maintain lists of "surpluses and needs" in each district area. It was pointed out, however, that because the district had no centralized inventory, if a surplus existed, the effort to check inventory on hand prior to making outside purchases proved too time-consuming and uneconomical.

In response to widespread complaints of textbook shortages, an inventory study was conducted in November 1980 by the Board's business operations committee. A survey of several area administrators, parents, teachers and students identified several textbook utilization problems:

- Median expenditures for junior high school textbooks amounted to 53% of the allocation.
- Median expenditures for high school textbooks amounted to 23% of the allocation. (No data on elementary schools.)
- Lack of availability of textbooks for home use.
- Lack of effective procedures for retrieving funds from students for lost or damaged books estimated at $500,000 annually. (There is a need to develop policies that require students to pay textbook debts and legislation requiring debt clearance before graduation.)
- Textbook storage problems and/or non-use of <u>many</u> books at schools.
- Increased costs of books and reductions in textbook funds.
- Lack of an adequate system of inventory to determine numbers and titles of textbooks on hand.
- Allocation of textbook funds are not proportional to school enrollment.
- Nine to ten month delay between ordering and arrival of state textbooks.
- Loss of textbooks was a major concern, although no figures were obtained.
- Lack of adequate funds and high costs of textbooks.

It is noted that a 47% high school and 77% junior high school budget surplus for textbooks existed while there were major complaints regarding lack of adequate funds.

It is also to be noted that the district's overall procurement and inventory practices and procedures are deficient in the following respects:

- No procedures for screening orders for school needs or follow-up to see if ordered material was received.
- Lack of automated inventory control.

- Constant duplication of equipment and materials, resulting in shortages in some schools, extreme surpluses in others.

- Unnecessary orders made at the end of the year to clear out the funds.

- No system for surplus property other than a trade column in the district newsletter.

Despite these findings, the district has concluded that the cost to develop and maintain a centralized inventory system is not worth the potential saving. The Commission strongly suggests that this conclusion be reexamined.

VIII. PERSONNEL MANAGEMENT

The Commission findings noted that the rate of reduction in LAUSD personnel has not been commensurate with the district's declining enrollment.

- Since 1970-80, the district's K-12 enrollment has dropped 18%. In the period from 1973-80, the district's K-12 teaching personnel increased .2%, pupil services personnel increased 24.9%, classified personnel increased 22.7% and administrators decreased .7%. This equals a total net increase of 47.8% of the district's personnel during a period of significant enrollment decline.

  Although the district contends this personnel increase was due to mandated programs, analysis of the testimony and the data submitted by the district does not support this explanation. District personnel increases due to mandated programs since 1976 (the only period by which data was provided) accounted for 1,547 positions on approximately 6% of the 26,192 total district teaching and administrative personnel. (No figures were provided by the district for classified and pupil services K-12 personnel.)

- In a comparison of LAUSD to four other large school districts, the Governor's Task Force noted that since FY 1975-76 LAUSD had the largest enrollment drop, the smallest reduction in teachers and the second largest increase in administrators. They also found that:

  1. From 1975-76 through 1980-81, the number of full-time-equivalent (FTE) teachers in the district had decreased by 5%. During the same period, each of the other large districts compared to LAUSD, except San Diego Unified District, reduced both teaching and administrative staff from 2% to 20%.

  2. The average teacher salary at LAUSD in 1979-80 was about 5% higher than the statewide average. The LAUSD average teacher salary was also within 3% of the average of three of the comparison districts and 12% less than the average of the fourth district.

  The Governor's Task Force analysis was based on data supplied by the district. After the Task Force released its report, the district submitted additional information suggesting that the original figures supplied the task force were inaccurate. The report compiled by the Board's independent analysis unit stated that K-12 general purpose revenues declined every year since 1977, and the district had reduced personnel in the face of declining enrollment by 2,800 teachers and 200 administrators.

No comment can be made concerning this analysis because data collection and analytical methods are not comparable. Other practices also make analysis difficult. Early in the 1980-81 school year, teachers laid off due to lack of funds were rehired in programs paid for out of categorical funds even though in many instances they had nothing to do. In spite of confusing data reporting, one conclusion can be drawn; the rate of reduction of personnel has been significantly less than the rate of enrollment decline.

- In FY 1980-81, the district identified nearly 500 management positions included in programs to be cut from the budget. However, the majority of these were reinstated. The Commission contends, as does testimony of one member of the LAUSD Board, that there were too many administrators, managers and quasi-management personnel.

- The personnel policies and practices of the district have led to morale and employee classification problems. Testimony in the hearings and Deloitte, Haskins & Sells study also noted problems with personnel practices. The firm reported a need for (a) review of the policies and systems for selecting personnel and (b) a districtwide labor relations program.

  Several other indications of the LAUSD's uneconomical personnel management practices were brought to the attention of the Commission. The testimony could not be verified and, as such, is not included in the report, but noted in the appendix.

- District staff and Board members need to upgrade skills in policy analysis and management in order to economically manage their $1.8 billion budget.

  From the list of deficiencies that were reported in the examination of the LAUSD's operations and the district's admitted incapacity to effectively address major management issues, the Commission perceives an urgent need to upgrade the management skills of LAUSD personnel. This concern was also voiced three years ago in the Commission's report on facility utilization practices. The Commission also maintains that the LAUSD's board members, whose average tenure is 17 months, could benefit from short-term intensive training in managerial accounting and policy analysis.

IX. OBSTACLES TO EFFECTIVE DISTRICT MANAGEMENT

The Commission found that there are numerous mandates and regulations which overlap and duplicate efforts, cause additional expenditures and serve as obstacles to economical operation of school districts.

- In public hearings on School Facility Utilization, a superintendent testified that Proposition 13 would force school districts to come up with vastly more efficient ways of operation. The Superintendent contended the Legislature now pays school districts a bonus for inefficiency by their restrictive laws. If the current laws governing school district operations were removed, he states that the district could increase efficiency 20%, decrease costs 20% and increase learning 20%. Examples cited were on mandated classroom numbers, teacher layoff protection and associated legal costs.

- LAUSD reported the restrictive requirements involved in the sale of school property, reporting and accounting procedures, salary inequities between certified and classified personnel, reimbursements under the average daily attendance formula and procurement of instructional materials were particularly restrictive. Specific education codes noted by the District as major obstacles include:

  - E.C. Section 54001 - Requires districts to maintain local contributions to programs for educationally disadvantaged pupils established before the legislation. Deprives district of flexibility.

  - E.C. Section 44868 - Requires librarians to have a teaching certificate; districts cannot hire lower cost paraprofessionals for this purpose.

  - E.C. Section 46118 - States that a kindergarten teacher can only teach one session, either morning or afternoon. Other teachers conduct classes for a full day.

  - E.C. Section 45256 - Limits district's ability to contract for services such as janitorial, window washing, gardening.

  - E.C. Section 45161 - Requires district to pay prevailing wages to classified employees.

  - Social Security Legislation - School districts are the only public agencies which are not given the option to withdraw from social security. Senator Ellis has introduced SB 652 which makes the necessary changes in Government Code Section 22310. If that legislation is enacted, school districts could realize significant savings.

At present, the District is contributing to both Public Employees Retirement System (PERS) and Social Security for classified employees. The total contribution for these two retirement systems is over 22% of classified payroll--15.48% for PERS and 6.65% for Social Security. This is almost triple the contribution rate to State Teachers Retirement System for certificated staff.

Financial and Attendance Reporting - The current State Department of Education data collection and reporting requirements do not lend themselves to inter-district comparisons. Several changes are needed to enable such comparisons to occur. These include:

a. Revenue limit income figures from prior years should be modified to include items which were previously separate but are now part of the revenue limit.

b. Discretionary revenues should be defined to exclude funds which can only be allocated to adult education.

c. Discretionary revenues should be defined to exclude any funds which a district is legally required to allocate from general purpose revenues to provide specific mandated K-12 services such as special education, bilingual education and integration.

d. Discretionary revenues should include all local income which can be used for regular K-12 services.

e. Enrollment (not average daily attendance) should be used to analyze year-to-year trends in the level of funding per pupil.

X. APPENDIX

LAUSD RESPONSES TO ALLEGATIONS SUBMITTED TO THE COMMISSION BY "TEACHERS FOR BETTER EDUCATION"

- Allegation

Why should Kenter Canyon School, enrollment less than 200, a kindergarten enrollment of 8 students, an expensive integration coordinator who gets paid not only a full salary, plus $100 per month extra to see that the kids get on and off the bus, be kept open? The Board argues that if busing stops, this school will be needed. No way--it had the same enrollment without busing.

LAUSD Response

Kenter Canyon is kept open because of the court-ordered desegregation program. Kenter was placed in a mandatory grouping with Broadway and Osage Elementary Schools; the Advisory Committee determined the grade configuration for each school. The kindergarten grade was not part of the mandatory plan. The grade configuration at Kenter is grades 2, 4, 6. The 8 resident area kindergarten students could not be placed in a K-2 combination class. Therefore, one kindergarten class of only 8 students was formed. If the mandatory phase is eliminated, Kenter Canyon will be subject to review for possible closure based on the criteria established by the Committee for the Use of Underutilized School Sites.

The integration coordinator who is time-reported from the Kenter Canyon site spends time equally at Kenter, Osage and Broadway. This position is not funded out of District funds but is funded as part of the Emergency School Aid Act (ESAA) by the federal government.

- Allegation

Why should Hillcrest Elementary (Area 4), enrollment under 300, be spending thousands of dollars soundproofing, air-conditioning and putting special plumbing in an old bungalow for music training? The principal justifies it by saying the bungalow will have "tiers" so the kids can learn to sing standing on tiers. The auditorium has tiers and is never used, but this excess money has to be spent so why not on a fancy music bungalow.

LAUSD Response

The Hillcrest site houses both a magnet school (Center for Enriched Studies, CES) and a regular elementary school. The

magnet school has a music and fine arts emphasis. A specially prepared bungalow was provided to the magnet music program at a cost of approximately $80,000. That bungalow included sound-proof practice rooms. The existing auditorium is used on a regular basis by both the regular school and the magnet school for a variety of purposes including music performances. The portable tiers in the auditorium are used in the music bungalow on an as-needed basis; additional tiers were not provided for the music bungalow.

- Allegation

Why should Hillcrest Elementary have a faculty of 17 teachers and a "Specialist Staff" of 15? None of these so-called "Specialists" have any degrees or special training in math, reading, music, or language arts, but the school has so much extra money that the principal appoints people to "freebie" jobs. These people were formerly in the classroom and as each one was "appointed" another teacher had to be hired, doubling the teacher payroll for this school.

LAUSD Response

Both a magnet school (CES) and a regular school are located on the Hillcrest site. The regular school has 27 teacher positions; the magnet school has 5 teacher positions.

From district funds, the regular school is staffed with 16 normal classroom positions, three handicapped classroom positions and one resource specialist teacher who works with handicapped students assigned to regular classrooms. From Compensatory Education (EIA and Title I), the school funds a coordinator and 5 resource teachers assigned responsibility for reading, math, multicultural/language arts, psychomotor, and music. And, finally, ESAA funds an integration coordinator who serves both Hillcrest and Westwood.

The magnet school has 5 teaching positions of which 3 are assigned to classrooms, 1 is assigned to both a classroom and to the choral music program, and 1 is assigned to the instrumental music program.

- Allegation

Why does LAUSD allow people to become specialists without requiring them to have a Ryan or a Masters in the field they are supposed to be specialists in? The principal has full authority to appoint anyone in the school a "specialist" whether they are qualified or not. Most of these specialists sit in offices, have their own phones, the $100 per month extra for doing nothing. Most districts require qualified people for specialists positions, but not LAUSD--anything goes here as long as it uses up money.

LAUSD Response

It is the principal's responsibility to select teachers to implement the school's educational program. Selection is made on the basis of the individual's qualifications in terms of interest, abilities, experience, advanced training, and level of performance. All personnel hold credentials which authorize the service which they are performing. Some receive salary differentials, most do not.

- Allegation

Why did Johnston authorize a half-million dollar Diagnostic Center for their campus 5 years ago? Air-conditioned, fully carpeted, special refrigerators, thousands of dollars worth of equipment--and this year he decided it wasn't working out and dropped the whole project. The building is now a phone station for the bus drivers.

LAUSD Response

The Diagnostic Learning Centers program (DLC's) was established to provide additional services to educable mentally retarded (EMR) students. In 1973-74, funding for construction and operation of the eight centers was obtained from the EMR program. A few years later, the program was reorganized to provide services to regular as well as handicapped students. As a result, the District had to assume responsibility for the funding of the operational costs of the DLC's. Last year, facing the need to reduce the District's budget, the Board eliminated the DLC's for a savings of $1.3 million. Although the DLC program had been successful, after careful review the Board of Education came to the conclusion that since the DLC's could serve only a small percentage of the students who needed service and since the high per student cost precluded expansion of the program, that the program should be eliminated in order to maintain other programs which benefited more students.

The former DLC facilities are being utilized as classrooms, teacher workrooms, counseling offices and administrative offices. The exact utilization of these facilities was determined jointly by the Area Superintendent and the Division of Special Education. The Hillcrest DLC rooms were converted to provide a classroom for handicapped students, a teacher workroom and three offices--one for the Pupil Services and Attendance (PSA) counselor, one for transportation personnel and one for the school psychiatrist. Unless needed by the site school, the equipment, furniture and refrigerator were redistributed throughout the district for the Special Education Programs.

- Allegation

Why does LAUSD need 10 Area Offices? Last year it was 12 and supposedly "because of Prop 13" the Board eliminated 2

offices. What they didn't publicize was the fact that they enlarged the remaining 10 offices. Not one job was phased out. Not one person was transferred back to the classroom or lost their cushy jobs. These area offices are totally useless. All the people in them are former teachers. However, they are now paid on a full 12-month basis (instead of 10) get a month of paid vacation, unlimited mileage and expense accounts. All they do is have their office staffs send out enormous amounts of ditto materials that are thrown away without being read. That is their total function and if they were closed tomorrow, there would be enough money to run the LAUSD with a surplus!!

LAUSD Response

Although the District did eliminate two administrative offices, no corresponding reduction in school site programs and mandated Federal or State reporting requirements occurred. To sustain minimal service levels, limited numbers of personnel were transferred to both central and area locations from these two former area offices. However, 10 Area Directors of Instruction at an annual cost of $627,506 and 10 Area Psychological Services Supervisors at $388,209 were eliminated. Other reductions included a 50% cut ($488,375) in the Area's account for special needs and emergencies. A large number of positions in the area offices were also reduced from an annual assignment to a lesser assignment. In effect, they received 18 fewer days of pay.

- Allegation

Why does LAUSD have to give the kids on the buses cassette recorders to play with as they ride on buses to and from schools? Any district that has that much money to throw around obviously doesn't need any more.

LAUSD Response

For many years, the district has supported a voluntary integration program called Permits with Transportation (PWT). Seventy-three receiving schools participate in PWT.

In response to parental concerns over the "wasted time spent in riding buses," the PWT office instituted a pilot project called Cassettes in Action Program. The CAP was placed in 16 schools. Funds for the program come from the existing PWT budget. Those funds can only be used for integration purposes.

The Cassette Program is designed to provide students extended learning opportunities during the time in which they are being transported to school. Reaction to this pilot program has been generally perceived as being excellent because of the assistance that it provides participating students with their school work.

- Allegation

Why should Hillcrest Elementary get enormous sums of Title I, Bilingual, and State money? This school is equipped for 1100 kids--it has under 300. More than half of the rooms are not used, but are filled with thousands of dollars of materials, equipment and TV's. As far as the bilingual money--there are just 8 Spanish kids (all of them speak English) and there were 2 Asians who just left. The principal and the Title I coordinator falsify the figures so the money will keep rolling in. The funny part is that no one ever checks.

LAUSD Response

Hillcrest Elementary has been a Compensatory Education School for many years. In 1980-81, it ranked (based on Aid to Families with Dependent Children (AFDC) and free lunch participation) as the second neediest school in the district.

Preliminary estimates for Hillcrest were based on an eligible enrollment of 762 students of which only 25 were bilingual; unanticipated growth increased the eligible enrollment to 890. Based on 890 students and a unit rate of $460 per student, Hillcrest was scheduled to receive $409,400 in Compensatory Education funds for 1980-81 (Title I and EIA).

Subsequent to the budget development, Hillcrest was included in the District's desegregation program. As a result, Hillcrest sent 130 students to Westwood, 42 to Bellagio Road, 106 to Charnock Road, 74 to Clover Avenue, 163 to Walgrove Avenue, and 85 to Grand View Boulevard. Funding for these children was also sent to the receiving school.

At present, remaining at Hillcrest is an enrollment of 443 students. In addition, Hillcrest campus is shared by the CES magnet school with an enrollment of approximately 100.