

## COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

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June 20, 1983

Honorable George Deukmejian  
Governor of California

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

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

Dear Governor and Members of the Legislature:

Since January of this year, elected representatives in each house of the Legislature have introduced major education reform and funding legislation. Although these bills address a broad range of critical issues such as curriculum, graduation requirements, the teaching profession, and school funding, our Commission believes that additional appropriations of up to \$850 million alone will not correct the problems found in our school districts. This Commission continues to be very concerned and alarmed that no single legislative or executive official is solely responsible for holding the recipients of approximately \$13 billion accountable for efficient use of the funds in the K-12 education system. Unless State oversight responsibility is expanded or new control methods identified, the injection of new funds for education programs will have only very limited benefits.

Over the past years, this Commission has conducted numerous public hearings and issued reports which identified areas of significant inefficient and non-economical practices in the State Department of Education, the county departments of education, and the local school districts. Recommendations for improvements in the administration of California's K-12 education system were detailed. As recently as March 1983, we have followed up with public hearings and have confirmed that major problems continue to exist.

Included in our reports have been findings of districts with no inventory system for equipment or textbooks, management information systems not functioning after the expenditure of millions of dollars over several years, half-empty schools in some areas while others are overcrowded, overlapping functions between school districts and county departments of education, and an alarming deferred maintenance program. Additionally, we found that the number of non-teaching staff relative to the number of students has increased by about 60,000 since 1970 at a current annual cost of approximately \$1 billion.

More significant than these examples of mismanagement and inefficiencies, however, is the huge increase in administrative costs in school districts. State and local administrative costs have accelerated during this last decade with the consequence that staff resources have been diverted from classrooms. This is in part attributable to the proliferation and growth of categorical education programs which have inordinate administrative costs and have grown at about twice the rate of increase for general purpose school funding. Special purpose education programs have contributed substantially to State-level administrative costs, but far more to local administrative costs which now total more than \$800 million annually for the more than 1,000 school districts. Although State taxes pay twice for any administrative excess--both through participation in the cost of local school administration and for the State Department of Education administrative oversight--it would be difficult to assess the tragic loss of educational opportunity for students who may be over-administered and under-instructed.

The loss of opportunity to benefit from classroom instruction has been further compounded by the provisions of most categorical assistance programs which specifically prohibit the use of funds to hire regular classroom teachers but permit the addition of nonteaching and resource personnel. These personnel include administrators, pupil personnel, various types of aides, and non-classroom teachers assigned to manage remedial labs, provide inservice training, develop curriculum materials, and assist classroom teachers. The State does not maintain staffing and program performance data which could be useful for systematically identifying any unnecessary or marginally productive program augmentations. Additionally, the State Department of Education has not questioned and tested the assumption that categorical program funds could be more effectively used for general classroom teachers to reduce overall class size rather than for supplemental, non-classroom personnel.

Our Commission's 1982 report concluded that the State Department of Education has contributed to inefficiency and wasted resources in school districts. There are excessively cumbersome and time-consuming paperwork requirements causing district personnel to become preoccupied in preparing reports and applications which do not justify the benefits derived. Additionally, school districts are subjected to multiple fiscal audits by various State agencies including the Department of Finance, the State Controller, and the State Department of Education, none of which determine if a district is operating on a sound economic basis. Finally, school districts have not been provided with sufficient incentives and guidelines to assist and encourage them to efficiently manage their resources.

Although some progress has been made in a few selected areas, we believe that the Legislature and the Administration must act now to ensure that all available avenues of cost savings are carried out through improved administration. This Commission believes that school districts' local control must be preserved. However, because the majority of educational funding comes from the State, we also believe that each school district must be held accountable for how efficiently it spends and manages those State monies. Unless the State takes the necessary steps to correct existing mismanagement by expanding the Superintendent of Public Instruction's statutory authority, increasing the level of legislative oversight, or devising other control methods, an infusion of \$850 million will not solve the problems in our educational system.

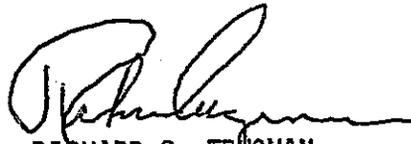
This Commission has recommended the following cost efficient measures which now more than ever should be included in the current education reform legislation. To enhance sound school management practices, reduce the pervasive waste of several hundred million dollars per year, which could be better utilized to provide education, and improve accountability in our K-12 educational system, the Commission recommends the following measures:

1. The role and function of the Superintendent of Public Instruction should be defined and expanded so that he can effectively perform his statutory obligations to administer and enforce the powers, duties and functions detailed in the Education Code. The Superintendent must be held accountable to the Legislature and the public for the fulfillment of these responsibilities.
2. The Legislature and the Administration should establish caps on the various areas of administrative expenditures in school districts. These caps could be indexed to the rate of inflation and other appropriate program or economic indices.
3. Accountability for local education expenditures should be strengthened by the imposition of sanctions against the credentials of school district officials who mismanage resources or knowingly report false information relative to the costs, staffing, or results of any program.
4. The Legislature should critically review the operations of the County Departments of Education and redefine their roles as necessary so as to avoid duplication and overlap with district operations.
5. The State Department of Education should immediately initiate a study of all school facilities in the State to identify underutilized facilities which are not cost effective. Additionally, the State Allocation Board should evaluate the current validity of the space allocation factors which have been used for at least 30 years.
6. The Superintendent of Public Instruction, working with school districts, should design and implement an adequate multi-year program to correct the severe backlog in deferred maintenance.
7. The State Allocation Board should study and report on the probable benefits which could be derived from a more comprehensive maintenance requirement which would include financial incentives for adequate preventive maintenance. Additionally, the State Allocation Board should contract with an independent private agency to review the adequacy and accuracy of its "Guidelines of Typical Life Expectancy of School Facilities' Components."
8. State fiscal audit activities should be consolidated and transferred to the Office of the Auditor General in order to ensure the economy of the State's K-12 education audits which total more than \$10 million annually.

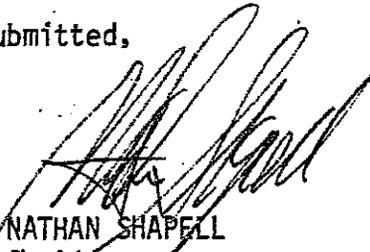
9. The Superintendent of Public Instruction should thoroughly study the extent to which local staffing increases are related to the growth of particular K-12 classroom and ancillary programs. The emphasis in this study should be on the identification of unnecessary staff which have not measurably improved student achievement and which could be eliminated for significant savings.

This Commission believes that the State must implement these recommendations and correct identified deficiencies. If the Legislature and Governor do not act now, we may one day observe a literal collapse of the whole education system. We have already begun to see this in some school districts, such as the Emery Unified School District and the San Jose School District. Investing up to an additional \$850 million will not prevent fiscal mismanagement by some school districts. Therefore, the State must act to ensure California's school system is kept "abreast of the times, outstandingly strong, and economically sound."

Respectfully submitted,



RICHARD S. TRUGMAN  
Chairman, Subcommittee  
on K-12 Education Study



NATHAN SHAPELL  
Chairman

cc: Commission Members  
Honorable Bill Honig,  
Superintendent of Public Instruction