



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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RICHARD ROBINSON
CHAIRMAN

June 28, 1979


Letter Report 860.2

Honorable Carmen Perino, Chairman
Joint Committee on Fairs Allocation
and Classification
1116 Ninth Street, Room 77
Sacramento, California 95814

Dear Assemblyman Perino:

The Joint Legislative Audit Committee respectfully submits the Auditor General's letter report on vocational education in California.

The auditors are Eugene T. Potter, Supervising Auditor; Ann Arneill; and Mark A. Lowder.

Sincerely,

RICHARD ROBINSON
Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

cc: The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California



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Office of the Auditor General

June 26, 1979

Letter Report 860.2

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 4158
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a resolution by the Joint Legislative Audit Committee, we have examined some issues pertaining to vocational education in California. This examination was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

We reviewed the following issues:

- The sources and uses of funds for vocational education in fiscal year 1977-78
- The allocation formulas for federal vocational education funds used by the State Department of Education (SDE) and the Chancellor's Office of California Community Colleges (CCC)
- SDE's administration of 1978-79 federal program improvement and supportive services funds and the use of the studies and projects they funded.

We addressed the federal vocational education allocation formula in Report No. 860.1, "Distribution of Federal Vocational Education Funds in California." This letter report concerns the remaining two issues and indicates our difficulties in proceeding with a comprehensive study of them at this time.

Background

In fiscal year 1977-78, California received over \$44 million in federal vocational education funds under the Vocational Education Act of 1976, a federal categorical funding program for vocational education.* California, however, does not have a corresponding state categorical program for vocational education. Additional vocational education funding, estimated at \$600 million for 1977-78, is provided by the state apportionment process and by district funds.

Vocational education is primarily delivered through four educational systems: secondary schools, adult schools, community colleges, and regional occupational centers and programs (ROC/Ps). Secondary schools offer high school students both specific vocational programs and numerous courses which may or may not be directly linked to the student's immediate occupational preparation. Adult schools, run by the secondary school districts, offer adults a range of vocational courses. The California Community Colleges also sponsor vocational education programs which are open to any high school graduate. ROC/Ps offer skill-related vocational education courses and frequently include employment-based training opportunities. These regional centers serve high school students and may also offer courses for adults.

Insufficient Vocational Education Income and Expenditure Data

Vocational education funding in this State is non-categorical. Because the California School Accounting Manual did not require program accounting for non-categorical programs, reliable data on income and expenditures at the local level are generally unavailable.** Consequently, the sources and uses of vocational education funds for 1977-78 cannot be determined.

*Categorical funds are those apportionments earmarked for a specific program--in this case, vocational education.

**This problem may be partially alleviated in the 1978-79 school year by the 1977 Amendments to the School Accounting Manual which require program accounting.

School districts aggregate their average daily attendance (ADA) for most instructional programs, including vocational education, when reporting ADA to the State. Based on this data, the State makes a general apportionment to the districts. As a result, income to vocational education programs generally cannot be isolated. Although the Vocational Education Act of 1976 requires SDE to report vocational education expenditures, delays in data processing have occurred. Fiscal year 1977-78 data will be unavailable until late summer.

Because detailed program accounting for vocational education generally has not existed at the local level, the expenditures reported to SDE are often incomplete. For example, none of the local education agencies (LEAs) we visited charged or pro-rated direct and indirect support costs to vocational education. In one instance, even direct costs were inaccurate because instructional salaries and employee benefits were not charged to programs. These limitations prevent an accurate analysis of the sources and uses of vocational education funds.

SDE Administration of Program Improvement
and Supportive Services Funds

Subpart 3 of the Vocational Education Act of 1976 is designed to assist states in improving their vocational education programs and in providing supportive services for those programs. The federal government will reimburse up to 50 percent of expenses incurred in such activities; state or local sources must fund the remaining expenses. The act specifies the categories in which the funds can be spent. The Joint Policy Council for Vocational Education of the State Board of Education and Board of Governors, California Community Colleges approves the funding levels for these categories. In 1978-79, California received a grant award of approximately \$10.7 million in Subpart 3 funds: \$8.8 million was allotted to LEAs, and \$1.9 million was reserved for state administration. The following table shows the Subpart 3 categories and funds allotted to them as reported by the Department of Education.

REPORTED
 ALLOTMENT OF FEDERAL
 PROGRAM IMPROVEMENT AND
 SUPPORTIVE SERVICES FUNDS
 (FISCAL YEAR 1978-79)

<u>Subpart 3 Category</u>	<u>Statewide Combined Activities*</u>	<u>Separate SDE/CCC Activities*</u>	<u>Available for Distribution to LEAs by Allocation Formulas</u>	<u>Total</u>
Research	\$ 248,100	\$ 87,500		\$ 335,600
Dissemination	152,000			152,000
Exemplary and Innovative	200,000	52,000		252,000
Curriculum Development	167,160	68,000		235,160
Vocational Guidance and Counseling	640,560		1,235,995	1,876,555
Personnel Training	803,440	64,000		867,440
Sex Equity	362,300			362,300
Disadvantaged	820,620		1,055,935	1,876,555
Handicapped	300,160		638,118	938,278
For Use by Districts in Any Subpart 3 Category**			1,567,800	1,567,800
Subtotal	<u>3,694,340</u>	<u>271,500</u>	<u>4,497,848</u>	8,463,688
California Youth Alternatives Project				350,000
State Administration				<u>1,871,485</u>
Total				<u><u>\$10,685,173</u></u>

* Funds in these categories are awarded by contracts and grants.

** These categories are exceptions: research, exemplary and innovative, and curriculum development.

Members of the
Joint Legislative Audit Committee
June 26, 1979
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Various methods were used to distribute these funds: selection among research proposals submitted by LEAs, sole-source grants, and allocation formulas. Approximately \$4 million was awarded by contracts and grants. LEAs submitted proposals which were evaluated by a team of experts. Some sole-source grants were made to individuals and institutions deemed most competent to conduct research in high-priority areas. Another \$4.5 million was disbursed to LEAs using general allocation formulas for vocational education funds. These funds were used principally for vocational guidance and counseling and for personnel training.

Because projects funded in fiscal year 1978-79 are not yet completed, analyzing their effectiveness and the use of their results at this time is not feasible. In fiscal year 1977-78, many projects in the categories of training and guidance and counseling programs reportedly had direct and immediate use. On the other hand, research, exemplary and innovative projects, and curriculum development do not have an immediate use. They require time for dissemination and implementation before they can be evaluated.

This report concludes our efforts to examine these vocational education issues. We are not providing additional information on the uses of vocational education funds because data are generally unavailable.

Respectfully submitted,



THOMAS W. HAYES
Acting Auditor General

Staff: Eugene T. Potter, Supervising Auditor
Ann Arneill
Mark A. Lowder
Pam York, Support Staff

Attachment: Written Response of the Department of Education

1979-80 Budget Item No. 326

WILSON RILES
Superintendent of Public Instruction
and Director of Education



STATE OF CALIFORNIA
DEPARTMENT OF EDUCATION
STATE EDUCATION BUILDING, 721 CAPITOL MALL, SACRAMENTO 95814

June 25, 1979

Mr. Thomas W. Hayes
Acting Auditor General
925 L Street, Suite 750
Sacramento, California 95814

Dear Mr. Hayes:

We have received and reviewed the June 20, 1979, draft report from the Office of the Auditor General identified as Letter Report 860.2, Vocational Education in California.

We have no comments to make on the information and findings in the report. We appreciate the opportunity to review the report before its release.

Sincerely,

A handwritten signature in black ink, appearing to read "W. D. Whiteneck".

William D. Whiteneck
Deputy Superintendent for Administration
(916) 445-8950

WDW:e1h