

## **Los Angeles Unified School District:**

*Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance Than Other Factors, but the District Should Improve Its Management of Textbook Purchasing and Inventory*



June 2002  
2001-124

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# CALIFORNIA STATE AUDITOR

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June 26, 2002

2001-124

The Governor of California  
President pro Tempore of the Senate  
Speaker of the Assembly  
State Capitol  
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the Los Angeles Unified School District's (LAUSD) program and policies for providing textbooks and instructional materials to its schools.

This report concludes that our audit of 16 schools did not reveal any significant disparities in textbook quality and quantity among high- and low-performing schools. Although both use outdated textbooks, low-performing schools were more likely to have shortages and restrict textbook use to the classroom. However, we cannot conclude that the higher prevalence of textbook shortages we found in low-performing schools has a direct relation with their Academic Performance Index. Several other factors do appear to affect school performance, such as the number of credentialed teachers; the level of parents' education; and students' transiency, socioeconomic status, and English proficiency.

LAUSD does not always spend its textbook funds for textbooks and other instructional materials, as state law requires. In addition, LAUSD spends on average less per student for textbooks and other books and instructional materials than other large districts in the State. Further, both LAUSD and the California Department of Education can improve their efforts to monitor compliance with a law requiring publishers to provide any instructional materials free of charge to school districts in California to the same extent as they provide them to any school district nationwide. LAUSD spends roughly \$22 million per year on textbooks, and we estimate that the value of free materials associated with these purchases could be as much as \$15.6 million to \$19.4 million per year.

Finally, LAUSD spent nearly \$2 million to implement an electronic textbook inventory system; however, implementation of the system has been unsuccessful. A centralized textbook inventory system could help LAUSD manage textbook inventories to ensure that each student has a current textbook, allow it to comply with the state law requiring schools to publish on the Internet information about the quantity and type of textbooks they use so the public can assess school quality, and aid its efforts to hold students or their parents accountable for lost or damaged textbooks.

Respectfully submitted,

ELAINE M. HOWLE  
State Auditor

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# SUMMARY

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## Audit Highlights . . .

*Our review of the Los Angeles Unified School District (LAUSD) concludes that:*

- ☑ *Although we found more classes in low-performing schools that did not have enough textbooks for each student, we cannot conclude that the higher prevalence of textbook shortages has a direct relation to their school performance.*
- ☑ *Factors such as the number of credentialed teachers; the level of parents' education; and students' transiency and socioeconomic status do appear to affect school performance.*
- ☑ *LAUSD does not always spend its restricted textbook and other instructional materials funds appropriately, and it spends, on average, less per student than other large districts in the State for these resources.*
- ☑ *LAUSD has made minimal efforts to ensure that publishers equitably provide free instructional materials to its schools, as state law requires.*

*continued on next page*

## RESULTS IN BRIEF

The largest school district in California and the second largest district in the nation, the Los Angeles Unified School District (LAUSD), serves more than 730,000 students in 677 schools. In requesting this audit, the Legislature was primarily concerned about whether LAUSD's low-performing schools are affected by the quality and quantity of their textbooks. Our audit of 16 schools did not reveal any significant differences between high- and low-performing schools regarding textbooks. For example, both use outdated texts; however, low-performing schools were more likely to have shortages and restrict textbook use to the classroom. We cannot conclude that the higher prevalence of textbook shortages we found in low-performing schools has a direct relation to their Academic Performance Index. However, several other factors do appear to affect school performance, such as the number of credentialed teachers; the level of parents' education; and students' transiency, socioeconomic status, and English proficiency.

With LAUSD's budget uncertainties and the potential loss of about \$40 per student in Schiff-Bustamante Standards-Based Instructional Materials Program funding, it is increasingly important for LAUSD to have effective control over and use of its textbooks and textbook funding. However, we found that LAUSD does not always spend its textbook funds for textbooks and other instructional materials, as state law requires. In addition, LAUSD spends on average less per student for textbooks, other books, and instructional materials than other large districts in the State. For example, in fiscal year 2000–01, San Bernardino Unified School District told us it spent an average of \$329 per student for books and other instructional materials while LAUSD spent only \$127 per student for books and other instructional materials.

Moreover, LAUSD can improve its control and management over textbook purchases and inventories. In what is called the most-favored-nations clause, state law requires publishers to provide free instructional materials to any school district purchasing textbooks in California to the same extent as they provide them to school districts elsewhere in the United States. However,

- ☑ *LAUSD needs to manage its textbook inventories better to ensure that each student has a current textbook and to assist the public in assessing school quality.*
- 

LAUSD has made minimal efforts to ensure that publishers are complying with this law, thereby denying some schools the opportunity to receive valuable free instructional materials that other schools received when purchasing similar textbooks. Moreover, the California Department of Education (department) can do more to ensure that school districts are made aware of publisher offerings of free instructional materials. LAUSD spends roughly \$22 million per year on textbooks, and we estimate that the value of the free materials associated with these purchases could be as much as \$15.6 million to \$19.4 million per year. Statewide, in fiscal year 2000–01 schools purchased textbooks valued at about \$488 million, potentially placing the annual value of free materials at between \$346 million and \$430 million. Currently, LAUSD has its schools purchase their own texts. Centralizing this function would make it easier to monitor publishers and ensure that they treat schools fairly.

LAUSD spent nearly \$2 million to implement an electronic textbook inventory system that is not widely used. This system helps manage textbook inventories to ensure that each student has a current textbook and to facilitate the disposal of obsolete textbooks. Further, a comprehensive textbook inventory system would allow LAUSD to comply with the state law requiring schools to publish on the Internet information about the quantity and type of textbooks they use so the public can assess school quality. Finally, a fully operational inventory tracking system would aid LAUSD’s efforts to hold students accountable for lost or damaged textbooks.

## **RECOMMENDATIONS**

To make sure students have the best opportunity to succeed academically, LAUSD should enforce its existing policy requiring every student to have a textbook for use in class and at home in core subject areas.

To ensure that publishers are treating all California schools equitably, the department should modify its regulations or seek legislation if necessary to require publishers and manufacturers to report, at a minimum, all offers of free instructional materials for Kindergarten through grade 12 within 30 working days of the effective date of the offer. Further, the department should maintain a comprehensive Web site that contains this information and should require publishers to report to the department in a standard electronic format.

To ensure that its schools are treated fairly by publishers, LAUSD should make all textbook purchasers aware of the most-favored-nations clause, ensure that purchasers have access to current publisher-generated lists of prices and free materials, and require purchasers to use the lists when ordering textbooks and free materials. LAUSD should also periodically monitor the prices its schools pay for textbooks and the free materials they receive for similar purchases and pursue cost recovery for any exceptions found.

To improve its textbook-purchasing process and ensure equitable publisher treatment, LAUSD should centralize its textbook-purchasing function at LAUSD or its local districts.

To improve its textbook inventory systems and to comply with the state law requiring it to publish lists of texts used in its schools, LAUSD should proceed with its plans to develop a centralized textbook inventory system. The system should include all texts and other instructional materials at each school and include ongoing standardized training and both implementation and technical support.

## **AGENCY COMMENTS**

LAUSD agrees with our audit findings and with most of our audit recommendations. However, LAUSD does not agree with our recommendation to consider modifying its technology plan to aim for a goal of a student-to-computer ratio of five to one rather than six to one. In addition, LAUSD does not agree that it should modify its accounting system to include the International Standard Book Number to track purchases of the same book made by different schools and generate reports that would allow it to audit publisher invoices. LAUSD states that it lacks available resources to implement these recommendations.

The department has agreed to study our recommendations. However, it believes that unless changes to statutes and regulations are made, it does not have the authority to require publishers and manufacturers to report all gratis offerings for grades 9 through 12. ■



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# INTRODUCTION

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## BACKGROUND

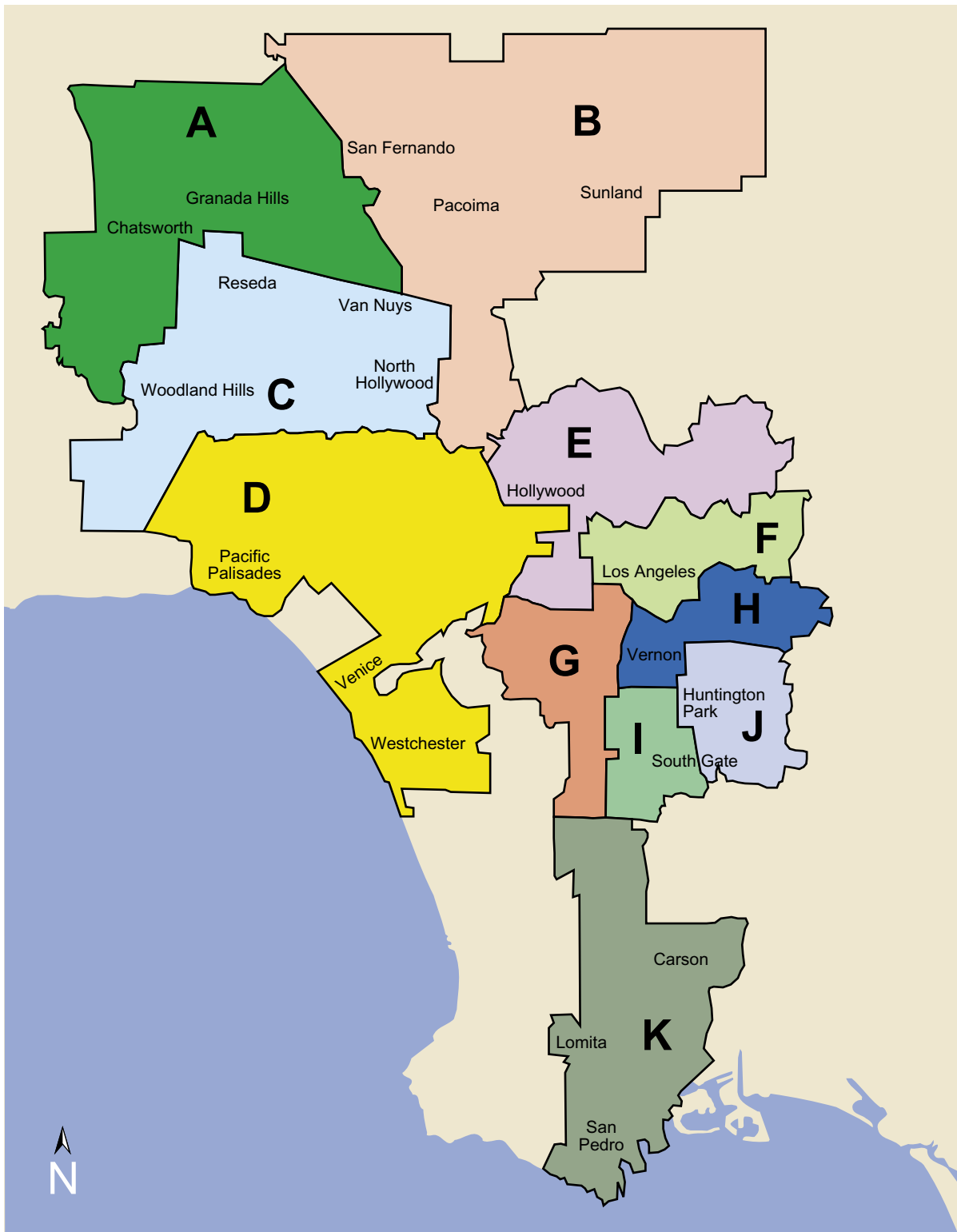
The Los Angeles Unified School District (LAUSD) has the largest student enrollment among California's public school districts and the second largest in the nation. With approximately 36,000 teachers, LAUSD serves more than 730,000 students in 677 schools. Its schools use a variety of school calendars to serve the student populations in their areas. Some schools operate on a traditional single-track calendar that begins on the first week of September and lasts through roughly the middle of June. Other schools use year-round, or multitrack, calendars with instruction beginning the first week of July and concluding during the last week of June. Multitrack education was envisioned as a way to teach increasing student populations without building new schools.

LAUSD has three main types of schools: elementary, middle, and high. Typically, an elementary school comprises Kindergarten through grade 5; middle school, grades 6 through 8; and high school, grades 9 through 12. LAUSD also has other school types, including multilevel schools that comprise Kindergarten through grade 8 or 12, magnet schools, and special education schools.

On April 11, 2000, the Los Angeles City Board of Education (city board) adopted a reorganization plan for LAUSD that created 11 local districts, each with its own local district superintendent, business manager, and other administrative staff. The reorganization took effect in July 2000 with the stated intent to improve academic achievement by assigning decision-making responsibility to the local districts, reconstituting the central office as a service provider, and focusing districtwide efforts on teaching students to read. Each local district consists of about 60 schools and between 52,000 and 77,000 students. Figure 1 on the following page shows the boundaries of the 11 local districts, A through K.

**FIGURE 1**

The Los Angeles Unified School District Has 11 Local Districts Overseeing Its Schools

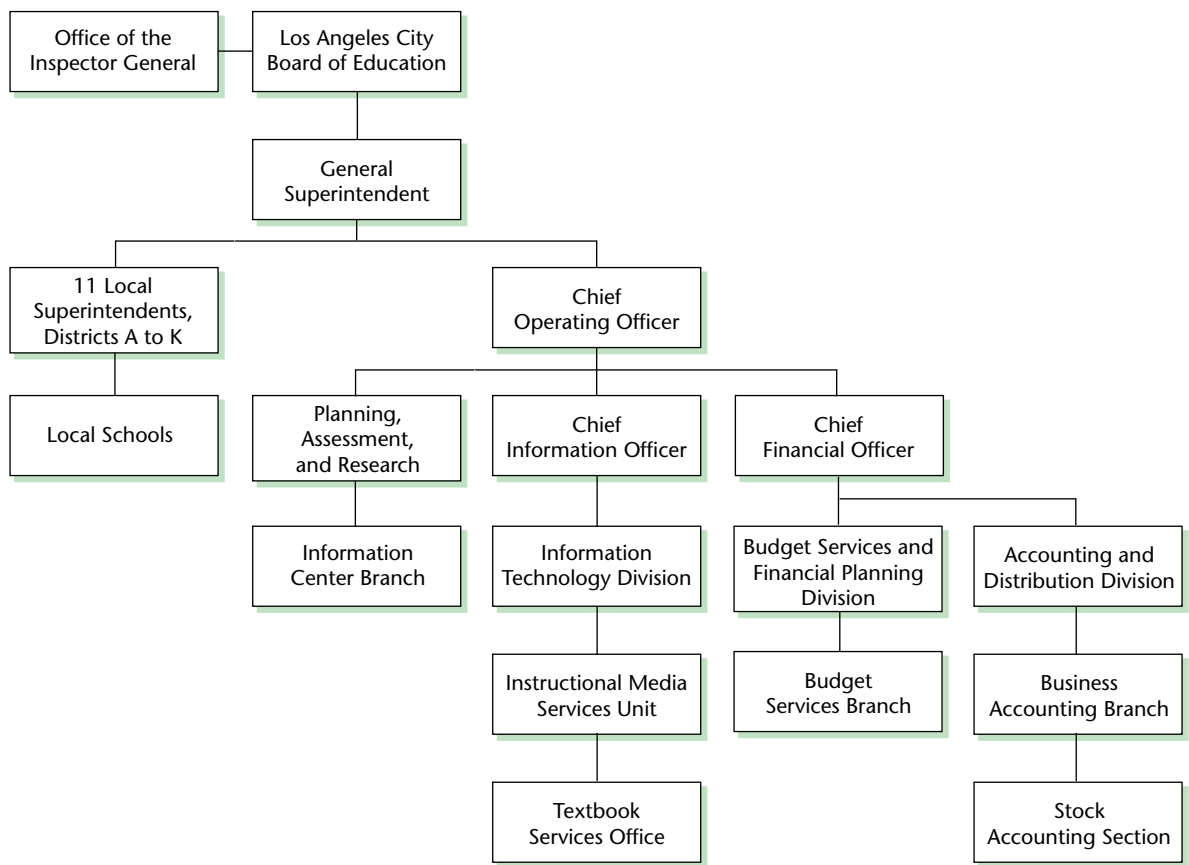


Source: Los Angeles Unified School District

Superintendents of the local districts report directly to LAUSD's general superintendent as shown in Figure 2. The general superintendent evaluates the effectiveness of the local districts using factors such as their ability to achieve educational goals and to respond to schools' needs. The yardstick for measuring LAUSD's success is the academic achievement of each student.

**FIGURE 2**

**The Los Angeles City Board of Education Oversees Many Divisions and Units in the District**



Source: Los Angeles Unified School District

**INSTRUCTIONAL MATERIALS ADOPTION PROCESS**

Legislation enacted in 1995 required the State Board of Education (state board) to adopt statewide content standards designed to establish the academic knowledge, skills, and abilities that all public schools are expected to teach—and

students are expected to learn—for the core subjects of language arts, mathematics, science, and history/social science. The state board finalized its content standards for these subject areas by October 1998.

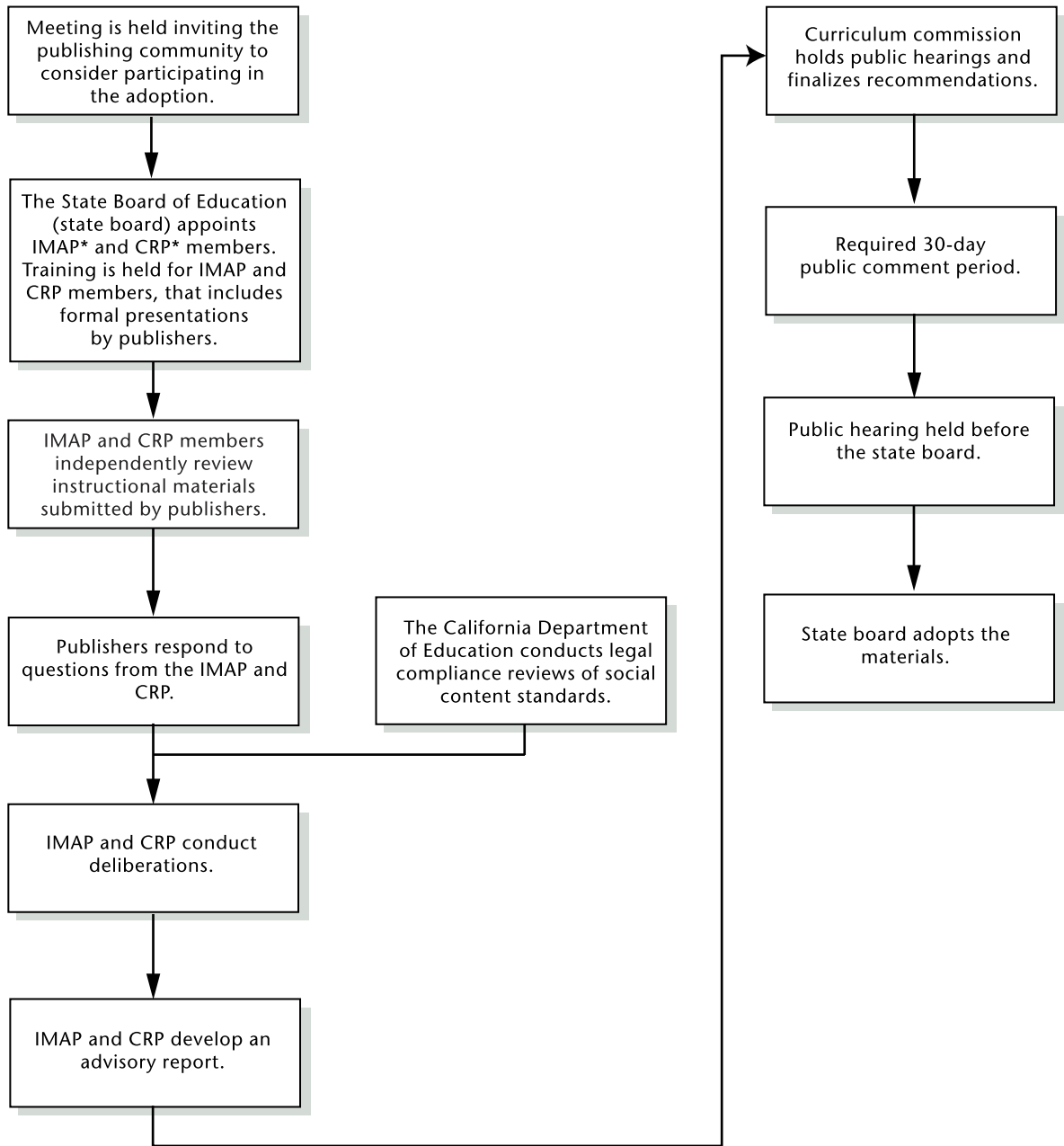
Legislation enacted in 1996 requires the state board to review the existing curriculum frameworks for conformity with the new statewide standards and to modify them as needed to bring them into alignment with the standards. A state curriculum framework outlines the components of a given course of study and describes the scope and sequence of knowledge and the skills all students need to master. In addition, frameworks direct school districts in the provision of instructional programs and serve as a guideline for evaluating instructional materials.

The Curriculum Development and Supplemental Materials Commission—a committee of 18 appointees representing the Senate, the Assembly, and the public—serves as an advisory body, recommending frameworks and instructional materials to the state board for approval. Instructional materials are designed for teachers and students to use as learning resources and can include textbooks, technology-based materials, other educational materials, and tests. The state board must ensure that it reviews and adopts frameworks in each subject area consistent with six- and eight-year submission cycles and that it evaluates instructional materials using the criteria set forth in state law. The state board has approved frameworks for each core subject area; however, the science framework is in the final stage of editing.

Once the state board has approved content standards and a Kindergarten through grade 12 curriculum framework, it invites publishers to submit instructional materials for possible placement on its list of adopted materials. The state board is responsible for adopting instructional materials for use in Kindergarten through grade 8, and relies on the Instructional Materials Advisory Panel (IMAP) and the Curriculum Review Panel (CRP) to assist in evaluating these materials. Schools must use the state board's list to purchase textbooks and other instructional materials. Figure 3 shows the state board's instructional materials adoption process.

**FIGURE 3**

**The State Has Multiple Reviews and Hearings Before It Adopts Instructional Materials**



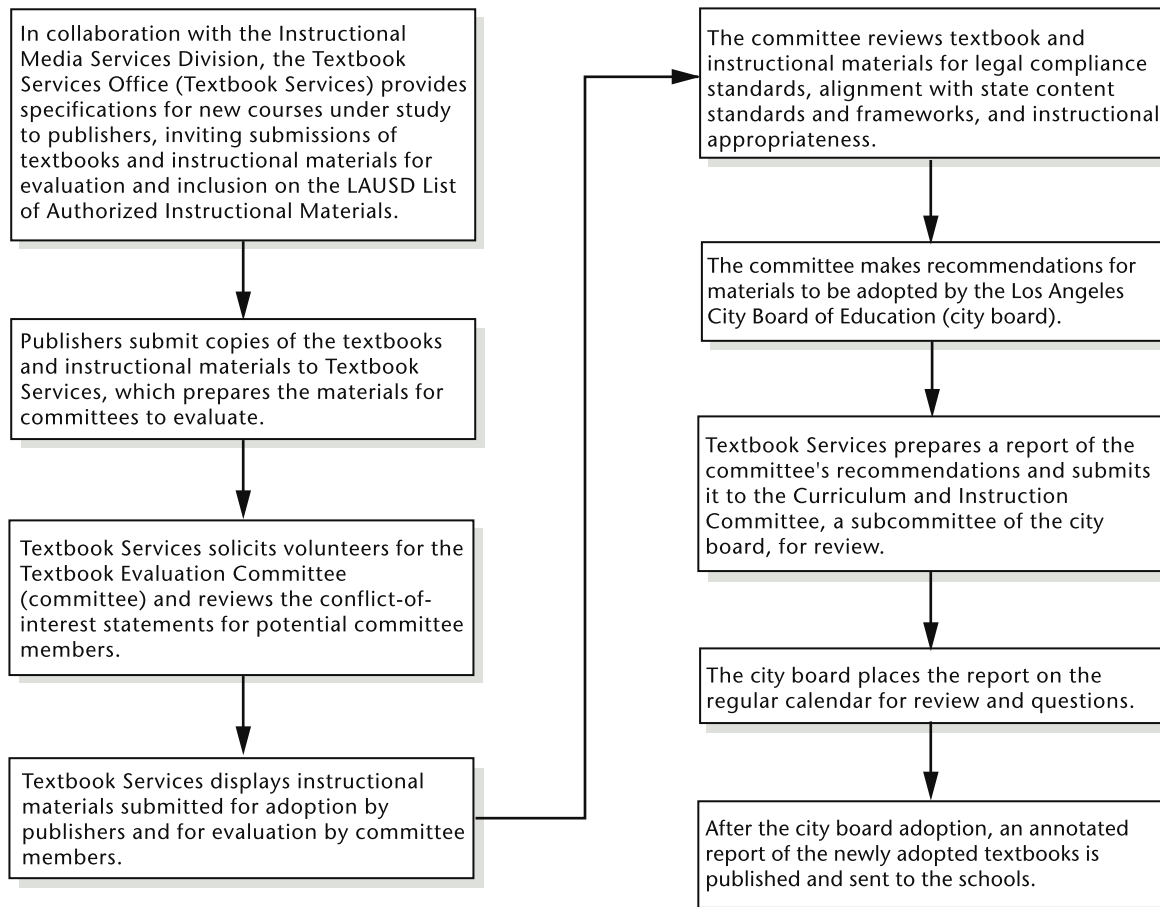
Source: California Department of Education

\* IMAP stands for Instructional Materials Advisory Panel; CRP stands for Curriculum Review Panel. From the time publishers submit instructional materials for evaluation, it takes the state board roughly six months to render its decision.

The governing board of each school district is responsible for adopting instructional materials for use in the high schools under its control. As shown in Figure 4, LAUSD’s process for adopting materials for grades 9 through 12 is similar to the state board’s adoption process. LAUSD invites publishers to submit instructional materials for inclusion on its authorized list of materials. Its textbook evaluation committees, composed primarily of teachers currently teaching the course under review, examine instructional materials that publishers submit for legal compliance standards, alignment with state content standards and frameworks, and instructional appropriateness. A report that includes the committee’s recommendations is sent to the city board for approval.

**FIGURE 4**

**The Los Angeles City Board of Education Considers the Adoption of Instructional Materials After Textbook Evaluation Committees Have Completed Their Reviews**



Source: Los Angeles Unified School District

## THE ACADEMIC PERFORMANCE INDEX

One of the primary measures of student and school performance is the State's Academic Performance Index (API), which is the cornerstone of California's Public Schools Accountability Act. The API is a numeric scale, ranging between 200 and 1,000, that measures the performance of schools, especially the academic performance of students, to demonstrate comparable improvement in academic achievement by all numerically significant ethnic and socioeconomically disadvantaged subgroups within the schools. A school's score or placement on the API is an indicator of the school's performance. Only test scores for students enrolled in a school district during the prior fiscal year may be included in the API.

The State calculates each school's API and annual percentage growth target—a required minimum of 5 percent of the difference between the school's actual API score and the interim statewide API performance target of 800, or one API point, whichever is greater. Only schools with 100 or more test scores contributing to the API may be included in the district's API ranks. Schools with fewer than 100 scores receive an API score with an asterisk that indicates less statistical certainty. The State can exclude student scores from the API calculation under certain circumstances, such as when a student tests more than one grade out of level (a sixth grader testing lower than fifth grade or higher than seventh grade, for instance) or when a student has requested test administration accommodations (including Braille, timing or scheduling changes, having the test read aloud or the directions translated, or access to a bilingual dictionary).

The State measures individual schools' success by how well they are moving toward the interim performance goal of 800. Schools that meet their annual API growth targets are eligible to receive monetary awards from a variety of programs, including the Governor's Performance Award, the School Site Employee Performance Bonus, and the Certified Staff Performance Incentive. The State also identifies schools that do not meet or exceed their growth targets for participation in the Immediate Intervention/Underperforming Schools Program or the High Priority Schools Grant Program for low-performing schools.

For each elementary, middle, and high school, the State also calculates an API rank—a number from 1 (lowest) to 10 (highest) that represents the statewide percentile rank into which the school falls. Table 1 on the following page shows the API ranks



for LAUSD schools for fiscal years 1999–2000 and 2000–01. Most schools in LAUSD fell within ranks 1 through 5 in both fiscal years. For fiscal year 2000–01, only 104 of 558 schools, or 19 percent of all LAUSD schools, fell within the ranks of 6 through 10. The API score varies for elementary, middle, and high schools within each rank. For example, scores for LAUSD’s rank-1 elementary schools ranged from 356 to 493, while scores for its rank-1 high schools ranged from 370 to 484 in fiscal year 2000–01.

**TABLE 1**

**Most Schools in the Los Angeles Unified School District Were Ranked 1 to 5 on the Academic Performance Index, in Fiscal Years 1999–2000 and 2000–01**

API* Rank	LAUSD Schools Achieving API Rank, Fiscal Year 1999–2000		LAUSD Schools Achieving API Rank, Fiscal Year 2000–01	
	Number	Percent	Number	Percent
1	193	34%	187	33%
2	107	19	104	19
3	73	13	72	13
4	37	7	46	8
5	49	9	45	8
6	29	5	25	4
7	23	4	26	5
8	19	3	21	4
9	19	3	15	3
10	16	3	17	3
<b>Totals</b>	<b>565</b>	<b>100%</b>	<b>558</b>	<b>100%</b>

Source: California Department of Education, Academic Performance Index data files, fiscal years 1999–2000 and 2000–01.

\* For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

**FUNDING FOR TEXTBOOK PURCHASES**

LAUSD’s schools purchase textbooks using funding from seven general sources making up more than 300 accounts. However, three sources are designated primarily for the purchase of textbooks or other instructional materials: the state Instructional Materials Fund (IMF); Schiff-Bustamante Standards-Based Instructional Materials Program (Schiff-Bustamante) funds; and the instructional materials account, a subset of LAUSD’s

**TABLE 2**

**Los Angeles Unified School District Used a Variety of Funding Sources to Purchase Instructional Materials in Fiscal Year 2000–01**

Instructional Materials Funds	Description	Total Expenditures	
		Amount	Percent
<b>Instructional Materials Fund (IMF)</b>			
Kindergarten through grade 8 (70 percent)*	State funds for the purchase of state-adopted instructional materials, including software.	\$ 7,057,455	8.0%
Kindergarten through grade 8 (30 percent)	State funds for the purchase of nonadopted instructional materials that have undergone the State's legal compliance and social content reviews. Funds can also be spent on instructional materials that are exempt from review, such as trade books, maps, globes, and dictionaries; instructional distance learning; tests; inservice training; and binding certain basic textbooks.	2,950,373	3.4
Grades 9 through 12	State funds for the purchase of instructional materials adopted by school districts for grades 9 through 12.	3,941,263	4.5
<b>Schiff-Bustamante Standards-Based Instructional Materials Program</b>	State funds for purchasing instructional materials in the core subjects that are aligned to state-adopted content standards. Materials for Kindergarten through grade 8 must be purchased from the list of instructional materials adopted by the state board. Materials for grades 9 through 12 must be purchased from a list of instructional materials adopted by the school district.	17,440,085	19.9
<b>Instructional materials account, LAUSD's general fund</b>	Local district funds for the purchase of textbooks and other instructional materials for Kindergarten through grade 12. These funds are generally free of conditions and affords schools great spending flexibility that can include instructional resources and technology.	1,884,209	2.1
Subtotal, instructional materials funds		33,273,385	37.9
<b>Other Funds</b>			
Title I funds	Federal funds provided to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and assessments.	8,332,857	9.5
Private donations	Donations from private citizens or groups. Guidelines vary for the use of donations to purchase instructional resources and educational technology.	477,559	0.5
Governor's performance awards; School site employee performance bonuses†	Schools that demonstrate specified increases in their Academic Performance Index (API) school target or participation rate can use funding in a manner decided on by the school's governance team or council and ratified by the Los Angeles City Board of Education.	14,718	—
High Priority Schools Grant Program for Low-Performing Schools and the Immediate Intervention/Underperforming Schools Program grants	State grant provided to assist the lowest-performing schools in the State in raising student achievement by offering additional resources targeted to student performance. Schools receive between \$200 and \$400 per student with a \$200 per student matching requirement. Currently, although schools with state ranks of 1 through 5 are eligible for these grants, the California Department of Education is offering the funds to schools in API rank 1 only.	159,574	0.2
Subtotal, other funds		8,984,708	10.2
Various Funds	Various state and local grants, and federal and state categorical program funding.	45,515,453	51.9
<b>Total, all funds</b>		<b>\$87,773,546</b>	<b>100.0%</b>

Sources: LAUSD accounting records, LAUSD Information Technology Division, and the California Department of Education funding Web site.

\* The state board's expenditure policy requires that school districts spend at least 70 percent of their IMF allocation as the description indicates.

† Schools receive matching funds based on staff bonuses.

general fund. These three sources supplied \$33.3 million, or 38 percent of all funding used for textbook and other instructional material expenditures for fiscal year 2000–01. The remaining funds come from a variety of sources, as shown in Table 2 on the previous page.

As Table 2 illustrates, significant additional funding comes from various state and federal grants and categorical programs. State and federal agencies provide these funds to local school districts, usually for specific purposes, such as school safety or curriculum, or for children with special needs, such as migrant or special education students. Grants used by LAUSD for instructional resource purchases include the Immediate Intervention/ Underperforming Schools Program and state school site block grants. Categorical funding used by LAUSD for instructional resource purchases in fiscal years 1999–2000 and 2000–01 included federal Title I, Part A, Improving Basic Programs Operated by Local Educational Agencies; and Title I, Part D, Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk. However, many of these other sources of funds are limited to supplementing, not supplanting, primary instructional resource funds, such as the IMF, Schiff-Bustamante funds, or the instructional materials account distributions from LAUSD.

In August 2000, LAUSD set aside part of its general fund to fill emergency textbook needs arising from an unusual growth in student population or changes in student programs. To obtain this funding, a school must demonstrate its need and purchase instructional materials that are on either state or LAUSD adoption lists for core subjects.

## **SCOPE AND METHODOLOGY**

The Joint Legislative Audit Committee (audit committee) asked the Bureau of State Audits (bureau) to determine whether LAUSD's program and policies regarding textbooks and other instructional materials result in a disparity in the quantity and quality of textbooks for a sample of high- and low-performing schools. For the purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the API, which is similar to the definition the California Department of Education (department) uses. The audit committee also requested that we do the following:

- Use our sample to determine if a correlation exists between demographic data, such as socioeconomic status and race, and the quantity and quality of the textbooks used by LAUSD schools.
- Identify funding sources that are available and those LAUSD uses to purchase textbooks and other instructional materials.
- Identify the total amount LAUSD spent on textbooks and other instructional materials for the past two years, review its process for allocating funds, and assess the amounts actually allocated to the schools in our sample.
- Compare LAUSD's average amount spent per student over the past two years for textbooks and other instructional materials to the amount spent by a representative sampling of school districts and the statewide average for all school districts.
- Determine whether publishers are providing free instructional materials to the same extent to all school districts.
- Review LAUSD's conflict-of-interest policy regarding the purchase of textbooks and other instructional materials to determine if it is consistent with the requirements of state law and whether LAUSD personnel follow the policy.

To gain an understanding of LAUSD and its policies, we reviewed relevant state laws and regulations as well as district policies and bulletins distributed to local schools. We also interviewed staff at the department, LAUSD, and local schools to understand the extent to which schools and LAUSD understand and have implemented laws, regulations, and policies relating to textbook purchases and use.

To determine the quantity and quality of the textbooks and other instructional materials the schools were using, we visited eight high-performing and eight low-performing schools in LAUSD. We selected our sample of schools using department data from the API for fiscal years 1999–2000 and 2000–01. We focused solely on elementary, middle, and high schools with more than 100 test scores contributing to their API. For each type of school, we sorted in order of API rank (1 through 10), statewide similar-schools rank<sup>1</sup> (1 through 10), and API score (200 through 1,000) to determine our sample. In total, we selected three high-performing and three low-performing high

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<sup>1</sup> Statewide similar-schools rank shows a comparison of each school with 100 other schools with similar demographic characteristics.

schools, two high-performing and two low-performing middle schools, and three high-performing and three low-performing elementary schools. LAUSD defines elementary schools as those serving students from Kindergarten through grades 5 or 6, middle schools as those serving students in grades 6 or 7 through 8, and high schools as those serving students in grades 9 through 12. Because our sample focuses on some of LAUSD's highest and lowest performing schools, we believe that it is adequate to determine whether a disparity exists.

At each school, we determined whether each student had a textbook in the four core subjects for grade 3 at the elementary schools, grade 7 at the middle schools, and grade 10 at the high schools. To determine if the number of texts was sufficient to supply each student with a book for all core subjects, we compared enrollment counts to inventory records, or in cases where inventory records did not exist, we counted books in classrooms or surveyed teachers. Further, we examined LAUSD's method of tracking its textbook inventory. In assessing the quality of textbooks, we determined whether it was on a current adoption list, subject to the department's new-edition substitution process, or was less than seven years old. (Please refer to Appendix A for our sample of schools.)

To identify the demographics of students in low- and high-performing schools, we obtained data from the department and LAUSD. The data files contained information collected by the schools and submitted to LAUSD and the department about ethnicity, parents' education, teachers' credentials, and transiency rates, among other items. Parents' education data were not as complete as other data elements because the department relies on schools to report this information and many schools do not supply complete data; however, sufficient data existed to perform an analysis. Using electronic analysis tools, we sorted the data by API rank to gain an understanding of any other factors that may be influencing the performance of students.

Although we were unable to identify all funding sources that LAUSD might use to purchase textbooks, we identified all the funding sources LAUSD did use to purchase textbooks and other instructional materials by reviewing its expenditure data. Further, we spoke with district staff concerning LAUSD funding-allocation policies and procedures. For the three major textbook funding sources, we tested LAUSD's allocations to our sample of 16 schools. Additionally, we compared the average

amount LAUSD spent per student for textbooks and other instructional materials to the average amount spent by a sample of the 10 largest districts in the State other than LAUSD. We also surveyed the 10 largest districts in the State to compare the funding sources used by these districts to those used by LAUSD. However, we were unable to use data for 2 of them: Santa Ana Unified School District did not provide a response to our request, and San Francisco Unified School District did not provide the data we requested, nor did it respond in a timely manner. Therefore, we were unable to include these two districts in our comparison. Moreover, we did not receive sufficient funding data from four of the eight districts to aid our comparison of funding sources.

To determine whether publishers of textbooks and other instructional materials are providing free textbooks and other instructional materials equally to all school districts, we spoke to district and school staff, publishers, and staff at the department. We also obtained a sample of invoices and compared similar purchases to determine differences, if any, in price and amount of free materials received. Further, we examined state and district records and publications containing lists of free materials.

Finally, to determine whether LAUSD has a comprehensive conflict-of-interest policy regarding the purchase of textbooks and other instructional materials that is consistent with the requirements of state law, we compared LAUSD's conflict-of-interest and disclosure code with state conflict-of-interest laws and the policies of the state board and the Fair Political Practices Commission. In addition, we tested LAUSD's compliance with its code by obtaining and reviewing conflict-of-interest disclosures for employees involved in two recent textbook adoptions. ■

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# CHAPTER 1

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## ***Textbook Quality and Quantity Appear to Affect Student Performance Less Than Do Other Factors***

### CHAPTER SUMMARY

Our review of eight high-performing and eight low-performing schools in the Los Angeles Unified School District (LAUSD) did not reveal any significant disparities between the quality and quantity of textbooks and other instructional materials in high- and low-performing schools. Specifically, we found similar numbers of high- and low-performing schools in our sample that had classrooms using outdated textbooks as primary teaching tools. Texts that are not on the most recent adoption lists of the State Board of Education (state board) or LAUSD might contain out-of-date information. Although we found more low-performing schools that did not have enough textbooks for each student to take and use at home or had shortages of books for in-class use, we cannot conclude that the higher prevalence of textbook shortages has a direct relation to school performance. Recognizing the importance of students having adequate texts, LAUSD policy requires that every student have a text in the four core areas of language arts, mathematics, science, and history/social science, for in-class and home use. Nonetheless, some LAUSD schools have not ensured that students have enough textbooks. Resolving these issues may lead to improved performance for all schools.

Several other factors appear to have a strong link with school performance, such as the number of credentialed teachers; parents' education levels; and the number of students who are socioeconomically disadvantaged, limited-English-proficient learners, or transient.<sup>2</sup>

Finally, we found that there is no longer a disparity in the use of technology between high- and low-performing schools. As recently as three years ago, high-performing schools had a technological advantage in that they had about 60 percent of the number of students per computer as low-performing schools.

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<sup>2</sup> LAUSD defines its transiency rate as the percentage of students who enter and leave the school during the school year.



However, because of recent purchases, LAUSD has remedied this condition, and now low-performing schools have a slightly lower student-to-computer ratio than high-performing schools have.

## **SOME DISPARITY DOES EXIST IN TEXTBOOK QUANTITY AND QUALITY BETWEEN HIGH- AND LOW-PERFORMING SCHOOLS WE REVIEWED**

We did not find significant differences in either the quality or quantity of textbooks used by the eight high-performing and eight low-performing schools we visited. We did uncover several classrooms in both the low- and high-performing schools using outdated texts; however, low-performing schools were more likely to have shortages in textbooks and to restrict textbook use to the classroom.

### **Similar Numbers of Low- and High-Performing Classrooms Use Outdated Texts as Primary Teaching Tools**

Although 13 percent of the classes we reviewed were using older textbooks as primary teaching tools, we found only a slight disparity between the eight high-performing and eight low-performing schools we visited. Older books may contain out-of-date information, thus schools using them may not be best serving the educational needs of their students.

In assessing the quality of the textbooks LAUSD students use, we considered three primary factors. First, textbooks appearing on the lists of texts adopted by the state board or the Los Angeles City Board of Education (city board) have undergone a rigorous content review and approval process. Therefore, we would expect minimal disparities in quality to exist among schools using adopted texts. Second, on written request by a publisher, the California Department of Education (department) allows for a new-edition substitution process, by which a new edition, not yet adopted by the state board, containing minimal changes may be used in the classroom with the older text, if the changes meet the State's legal compliance requirements. Finally, state law requires school districts to adopt standards for determining the obsolescence of instructional materials such as textbooks. LAUSD's policy dictates that textbooks are generally obsolete when (1) they are no longer relevant to the schools' instructional program, as when the State adopts new standards, frameworks, or textbooks for Kindergarten through grade 8; or (2) they are older than seven years. For example, the

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*Of the 879 classes we tested, 13 percent use older textbooks as primary teaching tools, which may not be in the best interest of students' educational needs.*

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policy states that certain classics of literature, grammar books, poetry anthologies, and some history books older than seven years may still be relevant. For purposes of our audit, textbooks with copyright dates of 1994 and earlier are obsolete unless they were on an adoption list or subject to the new-edition substitution process.

**TABLE 3**

**High- and Low-Performing Schools Were Both Likely to Use Outdated Texts**

School	API* Rank	Number of Classes Tested <sup>†</sup>	Classes With Outdated Texts	
			Number	Percent
<b>Low-Performing</b>				
Mary McLeod Bethune Middle	1	54	0	0
Hillery T. Broadus Elementary	1	32	0	0
George Washington Carver Middle	1	58	0	0
Hollywood Senior High	1	92	19	21%
Holmes Avenue Elementary	1	16	0	0
Hyde Park Boulevard Elementary	1	20	0	0
Alain Leroy Locke Senior High	1	63	0	0
Manual Arts Senior High	1	79	45	57
<b>Totals</b>		<b>414</b>	<b>64</b>	<b>15</b>
<b>High-Performing</b>				
Granada Hills Senior High	9	51	8	16
Mt. Washington Elementary	9	14	3	21
Alfred Bernhard Nobel Middle	8	72	0	0
Paul Revere Middle	8	71	6	8
San Pedro Senior High	6	119	10	8
William Howard Taft Senior High	9	101	12	12
Wilbur Avenue Elementary	9	20	5	25
Wonderland Avenue Elementary	10	17	2	12
<b>Totals</b>		<b>465</b>	<b>46</b>	<b>10</b>
<b>Combined totals</b>		<b>879</b>	<b>110</b>	<b>13%</b>

Sources: School class enrollment lists, electronic and manual textbook inventory systems, and teacher surveys and interviews.

\* Academic Performance Index (API) rank 1 is low-performing and ranks 6 and above are high-performing.

† At each school, we tested a sample of classes in the core subject areas for either grade 3, 7, or 10.

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*One low-performing high school uses an English textbook from 1979 in four classes, and one high-performing elementary school uses a science book from 1985 to teach its grade 3 classes.*

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As Table 3 shows on the previous page, 110 of the 879 classes we tested (13 percent) were using outdated textbooks as primary teaching tools. However, we found only a slight disparity between their use in the 16 schools. Specifically, high- and low-performing schools were using outdated texts 10 percent and 15 percent of the time, respectively. At some schools, the texts were severely outdated. One low-performing high school—Manual Arts Senior High School (Manual Arts)—was using an English textbook published in 1979 in four classes. The teacher told us that he prefers using the older book. Similarly, at one high-performing school, Wilbur Avenue Elementary, a science book published in 1985 was being used to teach its grade 3 classes. The teacher told us that she also uses supplemental materials to teach students. Another high-performing school, Granada Hills Senior High School, was using an algebra book published in 1986. According to LAUSD’s Textbook Services Office coordinator, schools should be using the newer texts, but teachers sometimes prefer using old texts because they are more comfortable with the material and have experience using them. Nonetheless, she also agreed that older texts would not be aligned to state content standards, might present irrelevant or out-of-date information, and therefore might not best serve the students’ educational needs.

### **Low-Performing Schools in Our Sample Lacked Textbooks in Core Subjects More Often Than Did High-Performing Schools**

Although LAUSD’s policy is that every student must have a textbook in each core subject for use in class and at home, we found this policy was not enforced in many schools we visited. Our review of 16 LAUSD schools revealed that classes in some low-performing schools had fewer textbooks available for students than did classes in high-performing schools. However, both types of schools had classes that lacked textbooks altogether or that did not have enough textbooks for all students to take home. Therefore, we cannot conclude that the higher prevalence of textbook shortages we found in low-performing schools has a direct relation to their Academic Performance Index (API).

Although state law requires only that students have sufficient textbooks in the core subjects, LAUSD requires its schools to provide all students with textbooks for use in class and at home in the core subject areas of language arts, mathematics, science, and history/social science. Table 4 shows that both high- and low-performing schools are not adhering to this policy.

**TABLE 4**

**Low-Performing Schools Had Fewer Textbooks for Students in Core Classes We Tested**

School	API* Rank	Book for Every Student in Class	Total Students Enrolled in Classes Tested	Total Books Issued	Number of Books Short†	Total Classes Tested‡	Classes Without Books for Every Student	
							Number	Percent
<b>Low-Performing</b>								
Mary McLeod Bethune Middle	1	Y	1,495	1,495	0	54	0	0
Hillery T. Broadus Elementary	1	Y	629	629	0	32	0	0
George Washington Carver Middle	1	N	1,277	1,174	(103)	58	4	7%
Hollywood Senior High	1	Y	2,295	2,295	0	92	0	0
Holmes Avenue Elementary	1	N	296	222	(74)	16	4	25
Hyde Park Boulevard Elementary	1	N	408	310	(98)	20	5	25
Alain Leroy Locke Senior High	1	N	628	520	(108)	63	4	6
Manual Arts Senior High	1	N	1,303	1,202	(101)	79	4	5
<b>Totals</b>			<b>8,331</b>	<b>7,847</b>	<b>(484)</b>	<b>414</b>	<b>21</b>	<b>5</b>
<b>High-Performing</b>								
Granada Hills Senior High	9	Y	1,667	1,667	0	51	0	0
Mt. Washington Elementary	9	Y	250	250	0	14	0	0
Alfred Bernhard Nobel Middle	8	Y	2,235	2,235	0	72	0	0
Paul Revere Middle	8	Y	1,651	1,651	0	71	0	0
San Pedro Senior High	6	N	3,368	3,315	(53)	119	3	3
William Howard Taft Senior High	9	Y	3,198	3,198	0	101	0	0
Wilbur Avenue Elementary	9	Y	392	392	0	20	0	0
Wonderland Avenue Elementary	10	Y	296	296	0	17	0	0
<b>Totals</b>			<b>13,057</b>	<b>13,004</b>	<b>(53)</b>	<b>465</b>	<b>3</b>	<b>1</b>
<b>Combined totals</b>			<b>21,388</b>	<b>20,851</b>	<b>(537)</b>	<b>879</b>	<b>24</b>	<b>3%</b>

Sources: School class enrollment lists, electronic and manual textbook inventory systems, and teacher surveys and interviews.

\*Academic Performance Index (API) rank 1 is low-performing and ranks 6 through 10 are high-performing.

†For differences of 5 books or less between class enrollment and assigned books, we amended the enrollment figure to match the assigned book total when adequate inventory of the assigned book was present at the school.

‡At each school, we tested a sample of classes in the core subject areas for either grade 3, 7, or 10.

For example, George Washington Carver Middle School had no health textbooks for four of its core classes.<sup>3</sup> According to the teacher, he uses photocopies of the book to teach. In two other low-performing schools, we found similar problems with science books. For example, Hyde Park Boulevard Elementary did not have any science books for four of its grade 3 classes and had only five books in another class. The principal at Hyde Park told us that teachers use science workbooks to compensate for the lack of textbooks. Similarly, Holmes Avenue Elementary also did not have science books for its grade 3 classes.

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***One low-performing high school did not have textbooks for two geometry classes, and another lacked textbooks for four science classes.***

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Two of the low-performing high schools we visited also had no textbooks for some classes. Manual Arts did not have books for two geometry classes. The principal at Manual Arts told us that he was aware of the shortage but had been unable to purchase geometry books because of LAUSD's budget freeze and the math department's inability to reach a consensus on which book to purchase. Moreover, four science classes in Alain Leroy Locke Senior High School (Locke) did not have textbooks. In April 2002, the science teacher told us that he had to use photocopies of the textbook and had been waiting since October 2001 for books to be delivered.

LAUSD policy requires that students be able to use these books at home as well as in the classroom. Therefore, each student must be assigned at least one book that can be used in both places. However, we found widespread use by LAUSD schools of textbooks restricted to the classroom and not available for students to take home, commonly referred to as class sets. According to some teachers, they use class sets because there are not enough textbooks to assign one to each student. Schools that use class sets are not complying with LAUSD's policy.

Table 5 shows that the use of class sets was more prevalent in the low-performing schools we tested and was most prevalent in the middle and high schools. For example, Locke used class sets for 39 of the 63 grade 10 core classes we tested (62 percent), mostly in its English and science classes.

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<sup>3</sup> Health is not a core subject. However, because George Washington Carver Middle School teaches science during the first semester and health in the second semester, we tested health books as part of our review of core subject materials.

**TABLE 5**

**Both High- and Low-Performing Schools Used Sets of Textbooks Restricted to Classroom Use**

School	API* Rank	Uses Class Sets	Total Enrollment for Classes Using Class Sets	Number of Books in Class Sets	Number of Books Over/ (Short)†	Total Classes Tested‡	Classes Using Class Sets	
							Number	Percent
<b>Low-Performing</b>								
Mary McLeod Bethune Middle	1	N	0	0	0	54	0	0
Hillery T. Broadus Elementary	1	N	0	0	0	32	0	0
George Washington Carver Middle	1	Y	295	115	(180)	58	10	17%
Hollywood Senior High	1	Y	102	105	3	92	4	4
Holmes Avenue Elementary	1	N	0	0	0	16	0	0
Hyde Park Boulevard Elementary	1	N	0	0	0	20	0	0
Alain Leroy Locke Senior High	1	Y	1,210	397	(813)	63	39	62
Manual Arts Senior High	1	Y	903	341	(562)	79	35	44
<b>Totals</b>			<b>2,510</b>	<b>958</b>	<b>(1,552)</b>	<b>414</b>	<b>88</b>	<b>21</b>
<b>High-Performing</b>								
Granada Hills Senior High	9	N	0	0	0	51	0	0
Mt. Washington Elementary	9	N	0	0	0	14	0	0
Alfred Bernhard Nobel Middle	8	Y	240	77	(163)	72	7	10
Paul Revere Middle	8	Y	590	290	(300)	71	19	27
San Pedro Senior High	6	Y	102	65	(37)	119	3	3
William Howard Taft Senior High	9	N	0	0	0	101	0	0
Wilbur Avenue Elementary	9	N	0	0	0	20	0	0
Wonderland Avenue Elementary	10	N	0	0	0	17	0	0
<b>Totals</b>			<b>932</b>	<b>432</b>	<b>(500)</b>	<b>465</b>	<b>29</b>	<b>6</b>
<b>Combined totals</b>			<b>3,442</b>	<b>1,390</b>	<b>(2,052)</b>	<b>879</b>	<b>117</b>	<b>13%</b>

Sources: School class enrollment lists, electronic and manual textbook inventory systems, and teacher surveys and interviews.

\* Academic Performance Index (API) rank 1 is low-performing and ranks 6 through 10 are high-performing.

† For differences of 5 books or less between class enrollment and assigned books, we amended the enrollment figure to match the assigned book total when adequate inventory of the assigned book was present at the school. Class sets were counted only once for the multiple classes of students using the class set.

‡At each school, we tested a sample of classes in the core subject areas for either grade 3, 7, or 10.

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*Until LAUSD addresses its textbook shortages, it cannot ensure that students in classes without textbooks receive the same instruction as their peers in classes that have textbooks for each student.*

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LAUSD has a policy requiring teachers to report shortages of textbooks and other instructional materials in writing to the school administrator. Moreover, state law requires school districts to hold a public hearing and to determine, through a resolution, whether each student has, or will have before the end of the fiscal year, in each subject area, sufficient textbooks and/or instructional materials that are consistent with the content and cycles of the curriculum framework adopted by the state board. The city board adopted such a resolution for fiscal year 2000–01 on May 22, 2001. However, the resolution is incomplete. Specifically, each local district was asked to certify that their elementary schools had sufficient reading and math books, middle schools had sufficient math and science books, and high schools had sufficient Algebra 1 books, not that the schools had sufficient books for each subject adopted by the state board. According to the assistant superintendent of the Information Technology Division, his interpretation of the law is that the certification must be consistent with the state board’s adoption cycle. However, our interpretation as well as the department’s is that districts must certify each year that each student has sufficient books in each subject for which the state board has made an adoption. LAUSD has yet to complete its determination for fiscal year 2001–02. In any event, despite its policy and state law, we found that not all LAUSD students have sufficient textbooks. Until LAUSD addresses its textbook shortages, it cannot ensure that each student in classes without textbooks receive the same instruction as their peers in classes that have textbooks for each student.

## **OTHER FACTORS MAY HAVE A GREATER IMPACT ON SCHOOL PERFORMANCE**

Although we cannot conclude that the disparities we found in the quantity of textbooks between high- and low-performing schools have a strong relation with API ranks, we did find other factors that appear to affect school performance. Demographic and other data tracked by LAUSD and the department show that teacher credentialing; parents’ education; and students’ transiency, socioeconomic status, and English proficiency appear to have an impact on student performance as measured by the API. As explained in the Introduction, the State takes all API performance numbers and places schools in 1 of 10 percentile ranks. In the analysis that follows, we show how the factors just mentioned relate to the API ranks of LAUSD schools.

## Teacher Credentialing and Experience Appear to Affect Student Performance

Our analysis of LAUSD data for about 560 elementary, middle, and high schools included in the API in fiscal years 1999–2000 and 2000–01 revealed that LAUSD’s low-performing schools generally have fewer fully credentialed teachers than its high-

performing schools. A November 1997 report by the California Commission on Teacher Credentialing (commission) states that the quality of teachers is the single most important determinant of student success and achievement in school. The commission is composed of a 20-member panel, including teachers, administrators, public representatives, and department staff, and is responsible for ensuring that educators are fully prepared and effective.

Figure 5 on the following page represents our analysis of LAUSD’s teacher-credentialing data. The figure shows that low-performing schools had fewer teachers who possessed basic credentials than did high-performing schools in fiscal year 2000–01.

Legislation enacted in July 2000 provides financial incentives to attract fully credentialed teachers to teach in low-performing schools so that school districts can reduce their reliance on emergency permits, among other things. Incentives include merit awards for existing teachers and financial assistance to encourage students and persons seeking career changes who agree to obtain a teaching credential and seek employment as a teacher. For example, teachers certified by the National Board for Professional Teaching Standards are eligible to receive an award of up to \$20,000 if they agree to teach at low-performing schools for at least four years. Additionally, school districts can compete for grants to attract and retain credentialed teachers in low-performing schools. School districts may use the funds to offer signing bonuses, compensation, and housing subsidies to teachers or improve work conditions.

### Teacher Credentialing Glossary

**Basic:** Teacher holds a baccalaureate degree from a regionally accredited college or university and must complete a professional preparation program or a designated-subject credential. LAUSD continuing and probationary teachers are in this category.

**Emergency Permit:** A one-year permit that is issued to fill a temporary staffing vacancy or need and can be reissued up to four times. Teachers must possess a baccalaureate degree, pass the California Basic Educational Skills Test, and have a minimum number of units, or verify subject-matter competence. LAUSD provisional teachers are in this category.

**Waiver:** There are two types of waivers: short-term and variable-term. Short-term waivers are for one semester or less to address an unanticipated or immediate need by allowing individuals who hold basic credentials to teach outside of their subject area. A variable-term waiver can be granted for up to one year to allow individuals additional time to complete credential requirements, to address educational reforms, or recruit in geographically isolated regions. LAUSD temporary teachers are in this category.

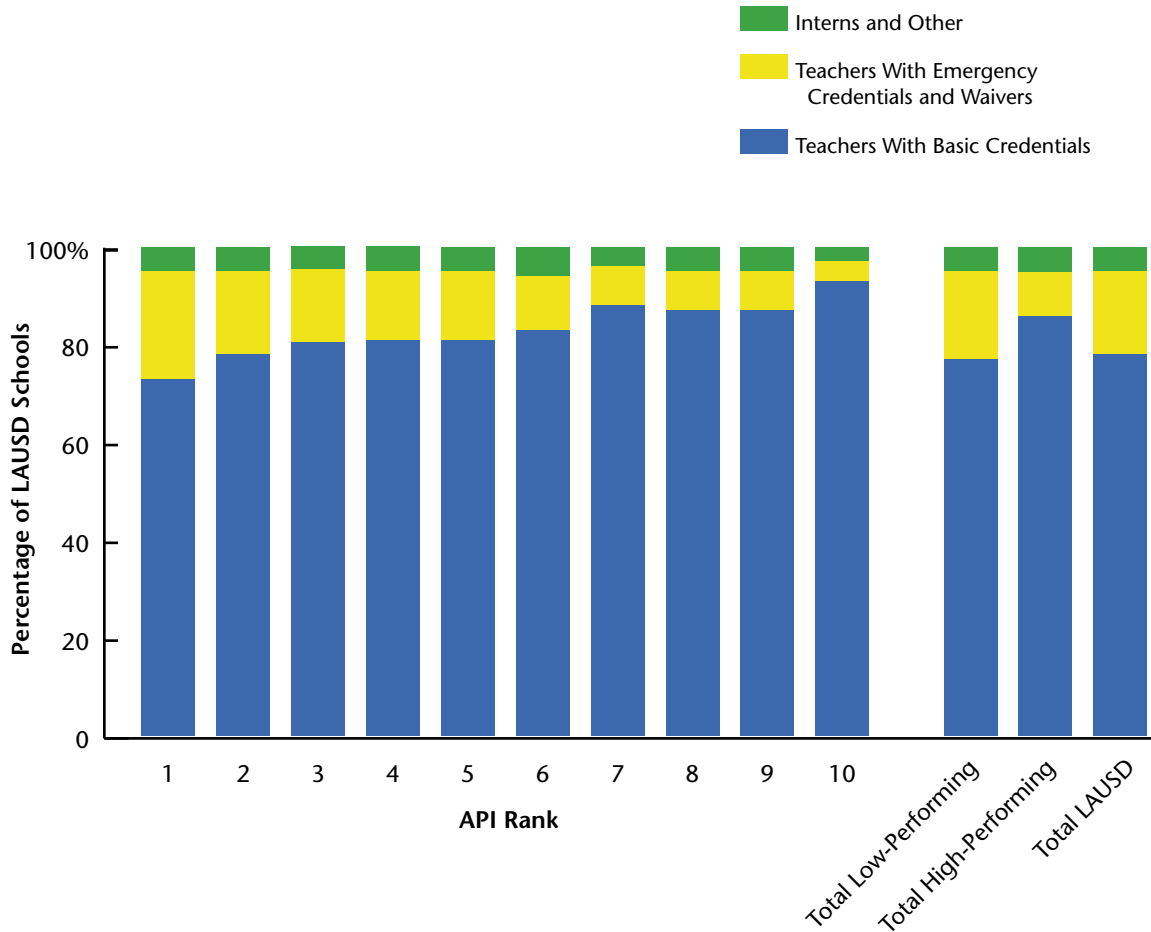
**Internship:** Credential candidates participate in a credential program sponsored by an institution of higher education or a program developed by a school district. Candidates are able to teach while completing a credential program. LAUSD district interns and university interns are in this category.

Sources: California Commission on Teacher Credentialing and LAUSD.



**FIGURE 5**

**Low-Performing Schools Had Fewer Teachers With Basic Credentials Than Did High-Performing Schools in Fiscal Year 2000–01**



Source: Data from the Los Angeles Unified School District.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data from fiscal year 1999–2000 did not differ significantly. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API and an unduplicated count of teachers. “Other” includes extended substitute teachers.

As part of its Teaching As a Priority Program, LAUSD plans to (1) increase the number of teachers in its low-performing schools who possess basic credentials by providing stipends directly to teachers assigned or transferring to API rank-1 schools

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*As part of its Teaching As a Priority Program, LAUSD plans to increase the number of teachers in its low-performing schools who possess a basic credential.*

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and (2) issue recruitment and retention grants to the local districts so that they can tailor efforts to local conditions. In addition, for new teachers from outside the State who are assigned to API rank-1 schools, LAUSD plans to reimburse up to \$2,000 for relocation expenses. LAUSD also plans to contract with an external evaluator to measure the effectiveness of its efforts in recruiting and retaining credentialed teachers in the LAUSD's low-performing schools using data collected over a three-year period. Although LAUSD's plans appear reasonable, it can increase its recruitment efforts by including other strategies, such as the \$20,000 merit award we described earlier.

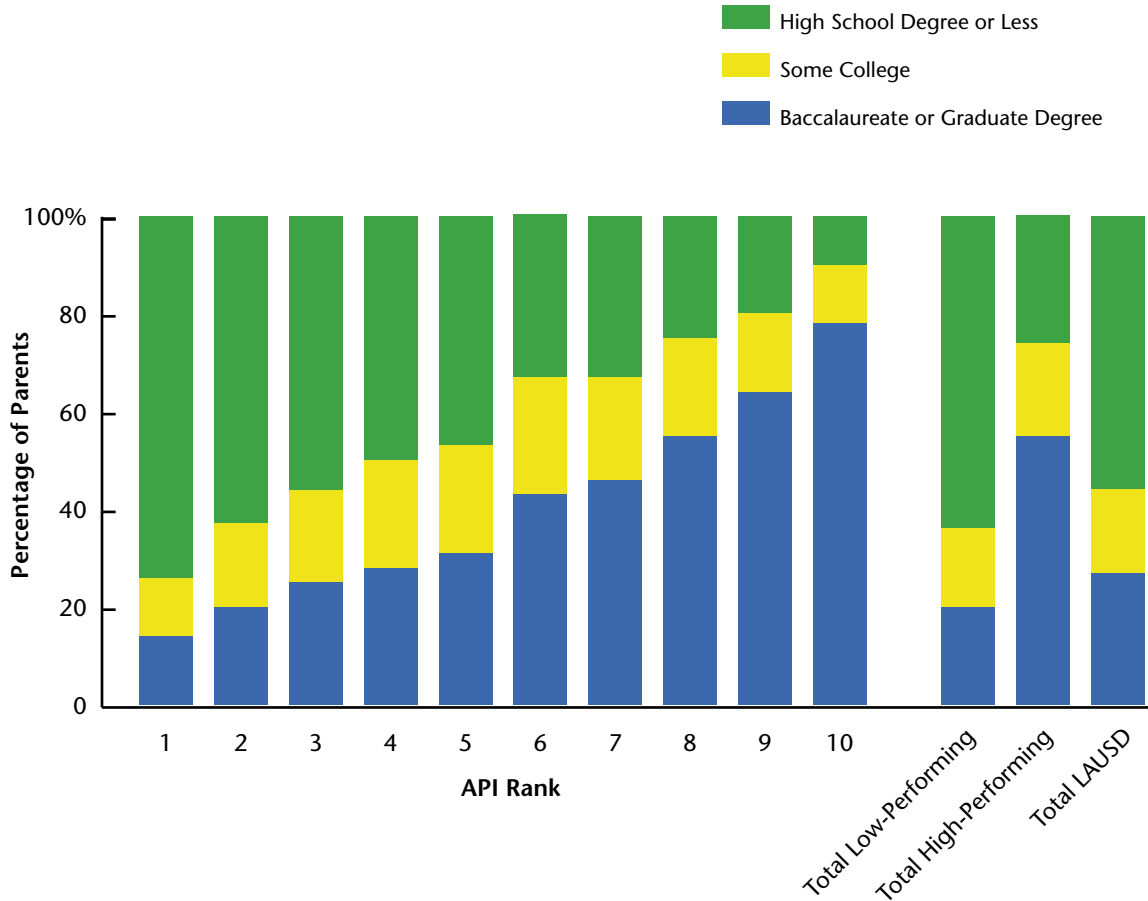
### **Parents' Education and Students' Transiency, Socioeconomic Status, and English Proficiency Are Among the Other Factors That Might Affect Student Performance**

Other factors that appear to influence how students perform in school include the level of education students' parents have achieved and students' socioeconomic status, English proficiency, and transiency. Our analysis does not reflect actual test scores for each student but represents the aggregate API for each school. Although we could not measure the impact of these factors, we did note that all seem to be important determinants of student academic success as measured by the API.

Our analysis of data collected by the department revealed that high-performing schools reported a higher percentage of students with parents who had obtained four-year college or graduate school degrees. State law and regulations require school districts to collect and report data for every student on the education level of the highest-educated parent with whom the student has contact. The schools must check to ensure that all data fields are complete. However, many schools do not report complete data on the education levels of parents. Our testing of parent education levels represents data for roughly 54,000 of the almost 433,000 students tested (12 percent). Figure 6 on the following page shows that high-performing schools reported that 55 percent of their students' parents possess a baccalaureate or graduate degree, while only 20 percent of low-performing school students' parents had similar educational backgrounds.

**FIGURE 6**

**High-Performing Schools Had a Higher Percentage of Parents With Baccalaureate or Graduate Degrees Than Did Low-Performing Schools in Fiscal Year 2000–01**



Source: Data from the California Department of Education.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data from fiscal year 1999–2000 did not differ significantly. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

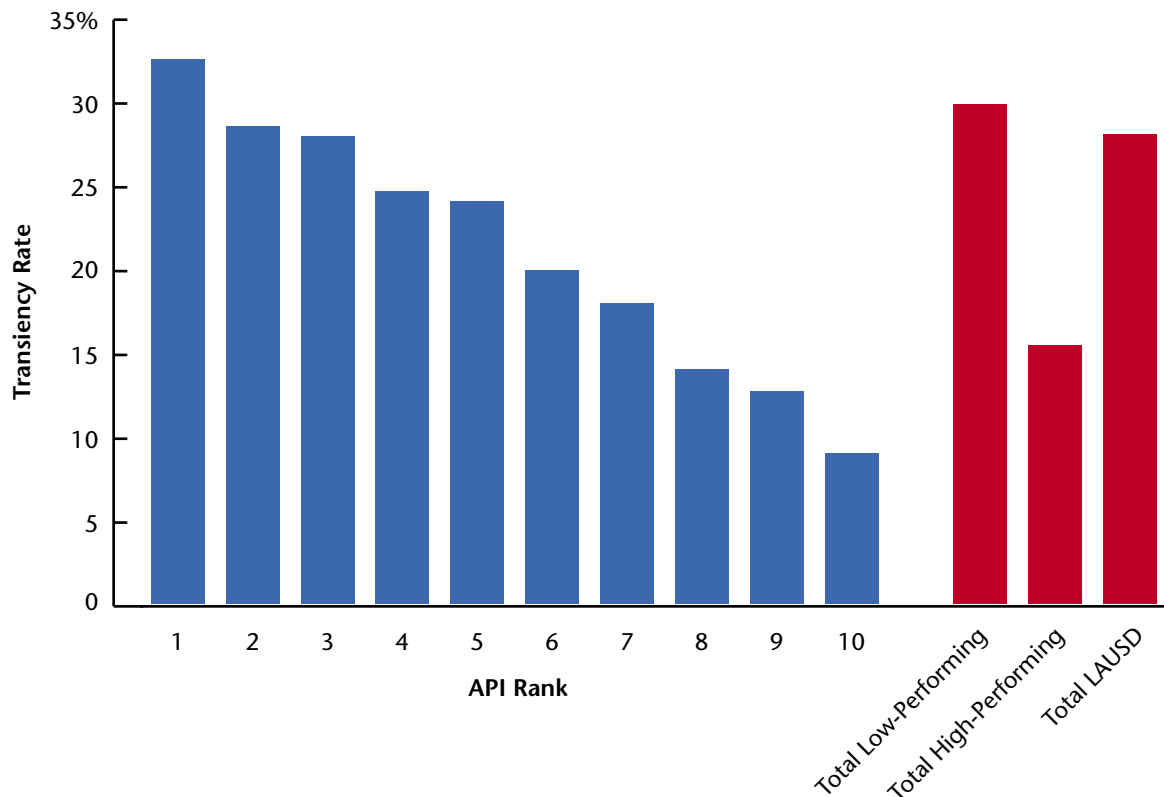
Parents' level of education might have an impact on their ability to assist with homework and their attitude toward formal education, which in turn might influence student performance in school and on assessments. Since 1969, the National Assessment of Educational Progress has conducted ongoing nationwide assessments of student achievement in various subjects. The results of its long-term trend assessments in reading, mathematics, and science that were administered in 1999 to students aged 9, 13, and 17 found that across all ages

and subject areas, students who reported high parent-education levels tended to have higher assessment scores, on average, than did students who reported low parent-education levels.

Another factor likely to affect student performance is school transiency rates. LAUSD defines transiency rate as the percentage of students who enter and leave a school during the school year. LAUSD calculates transiency rates for each school by (1) combining the number of students entering and leaving the school after LAUSD takes its fall enrollment count in October of each year and (2) dividing that figure by the school’s average 10-month enrollment count. In May 1999, the Policy Analysis for California Education, a nonpartisan, university-based center

**FIGURE 7**

**Low-Performing Schools Had Higher Transiency Rates Than Did High-Performing Schools in Fiscal Year 2000–01**



Source: Data from the Los Angeles Unified School District.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

for education research, issued a report stating that mobility among students has a number of causes. In some cases, families move, requiring students to change schools. In other cases, students and their families are unhappy with the education they are receiving at one school and change schools to find a more suitable education. In still other cases, schools can force students to transfer for both social and academic reasons, such as fighting or poor grades. As shown in Figure 7 on the following page, some of LAUSD’s low-performing schools had double or in some cases triple the transiency rates of high-performing schools.

Moreover, according to department data, roughly 79 percent of students in LAUSD are socioeconomically disadvantaged. The state board defines a socioeconomically disadvantaged student as one who meets one of two criteria: (1) neither parent has received a high school diploma or (2) the student

participates in the National School Lunch Program, which provides eligible students with free or reduced-price lunches daily. As shown in Figure 8, low-performing schools reported that between 64 percent and 93 percent of their student populations fell into the socioeconomically disadvantaged category. High-performing schools reported a much lower range of between 20 percent and 50 percent during the same period.

The percentage of English learners, also known as limited-English-proficient (LEP) students, in a school also appears to influence school performance. California defines LEP students as those who do not speak English, whose native language is not English, and who are not currently able to perform ordinary classroom work in English. LEP students represent one of the fastest growing segments of the student population (Kindergarten through grade 12) in the

United States and constitute more than 25 percent of the total enrollment in California public schools. About 95 percent of LEP students speak 1 of the 10 most commonly spoken languages in the State, and more than 83 percent speak Spanish. LAUSD’s percentage of LEP students is almost 42 percent, significantly higher than the State’s 25 percent. Additionally, as shown in

**Most Common Languages Spoken by Limited-English-Proficient Learners**

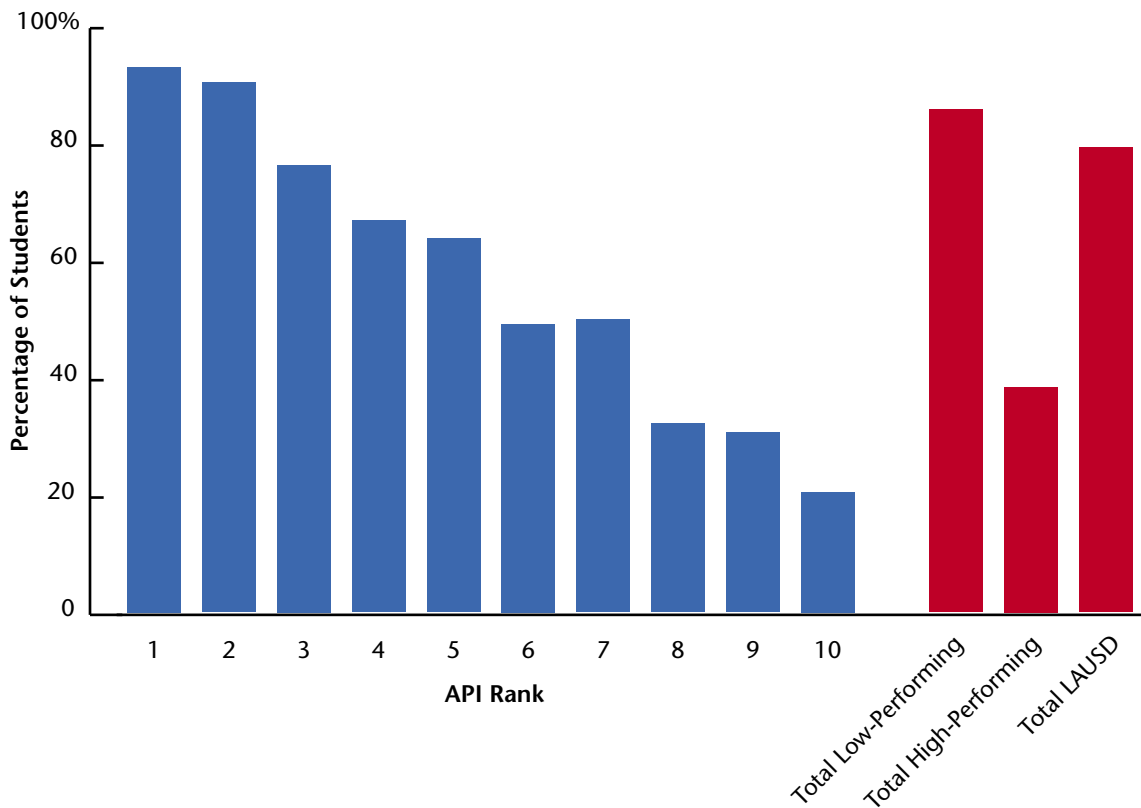
Spanish	83.4%
Vietnamese	2.5
Hmong	1.8
Cantonese	1.7
Filipino (Tagalog)	1.2
Korean	1.1
Khmer (Cambodian)	1.0
Armenian	0.8
Mandarin	0.7
Punjabi	0.6

Source: California Department of Education

Figure 9 on the following page , LAUSD’s low-performing schools had significantly higher percentages of LEP students (46 percent) than did its high-performing schools (14 percent) in fiscal year 2000–01.

**FIGURE 8**

**Low-Performing Schools Had Substantially Higher Percentages of Socioeconomically Disadvantaged Students Than Did High-Performing Schools in Fiscal Year 2000–01**

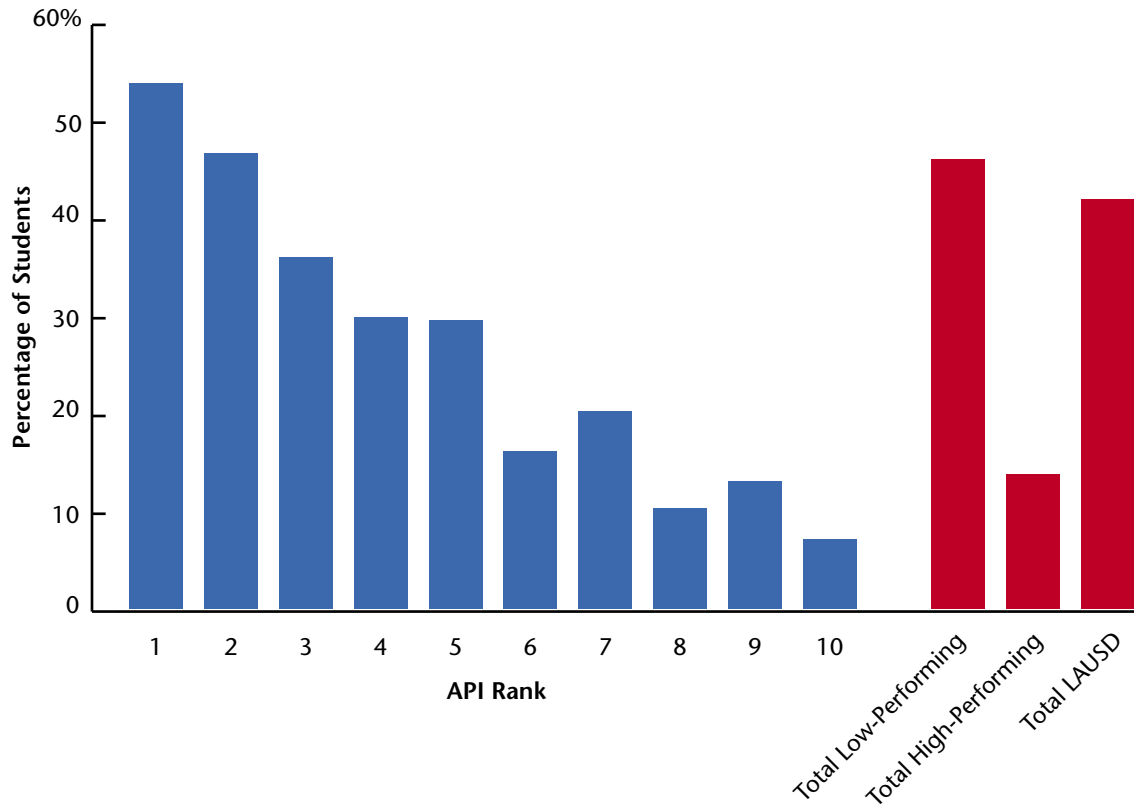


Source: Data from the California Department of Education.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data from fiscal year 1999–2000 did not differ significantly. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

**FIGURE 9**

**Low-Performing Schools Had Substantially Higher Percentages of Limited-English-Proficient Students Than Did High-Performing Schools in Fiscal Year 2000–01**



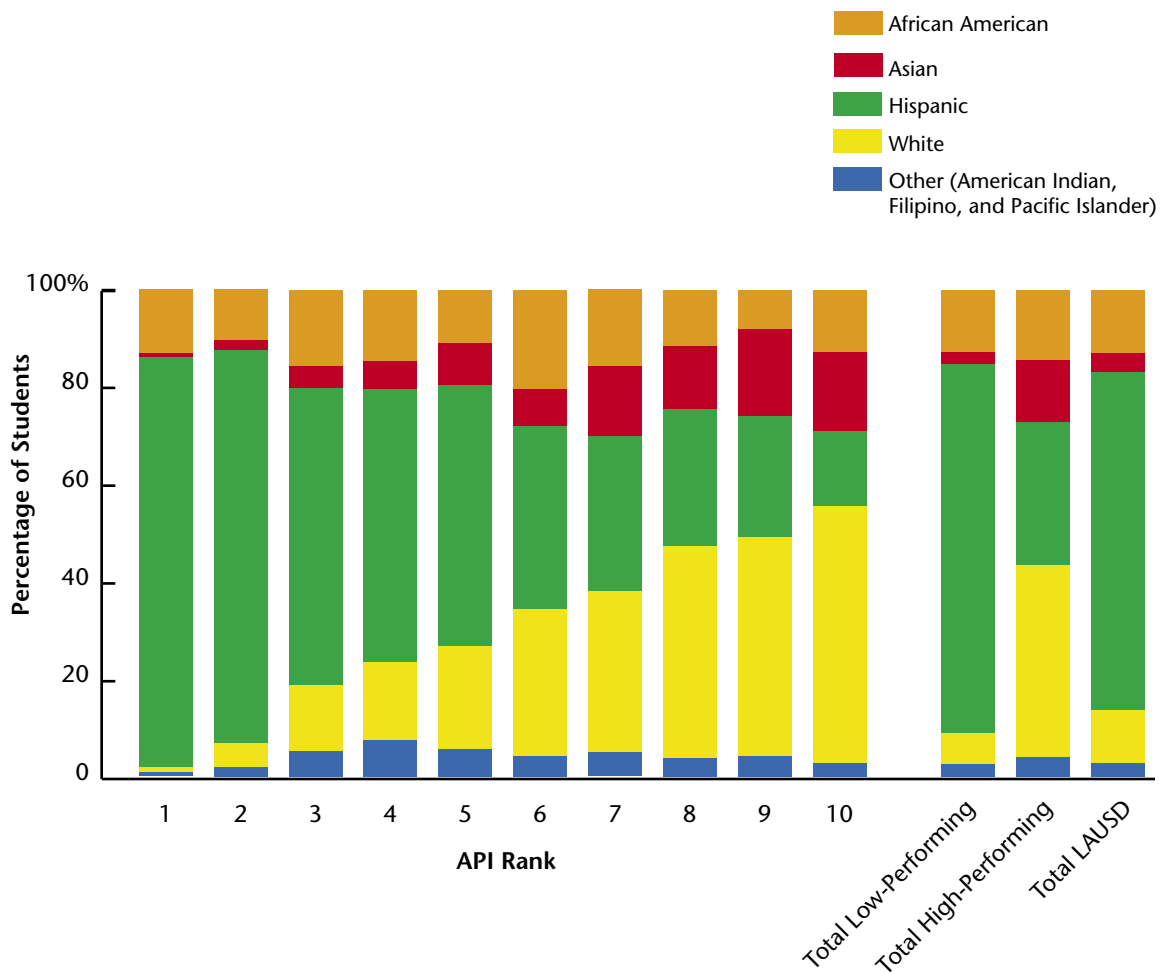
Source: Data from the Los Angeles Unified School District.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data from fiscal year 1999–2000 did not differ significantly. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

LAUSD has a diverse student population, with students from a variety of ethnic backgrounds. Figure 10 shows the student ethnicity of LAUSD’s low- and high-performing schools.

**FIGURE 10**

**Student Ethnicity in Low- and High-Performing Schools Varied in Fiscal Year 2000–01**



Source: Data from the California Department of Education.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API), and high-performing schools are ranked 6 through 10. Data from fiscal year 1999–2000 did not differ significantly. Data includes elementary, middle, and high schools with more than 100 test scores contributing to their API.

**LAUSD IS MAKING PROGRESS TOWARD IMPROVING ACCESS TO TECHNOLOGY AT LOW-PERFORMING SCHOOLS**

Access to technology was not one of the several factors we found to affect the difference in school performance. Because of LAUSD’s recent efforts, low-performing schools now have slightly more computers in total, and more computers that are up-to-date, than high-performing schools have. Both the department and LAUSD consider a computer up-to-date if it has multimedia functions with access to CD-ROM, internally or over



a network, and the capacity to access Web-based resources on the Internet. However, although LAUSD has made significant progress, it has not yet reached its goal of having one computer for every six students in all its schools. Moreover, best practices suggest that LAUSD should modify its goal to one computer for every five students.

State regulations require school districts participating in its Education Technology Grant Program to provide an inventory of technology at each eligible school site. The department, in collaboration with the California Technology Assistance Project, conducts yearly surveys of schools in the State to assist them in meeting multiple reporting requirements for various grants in a single survey. The survey collects, among other items, data on equipment such as the number of computers available, age, location, connectivity to the Internet, and technical support.

As shown in Table 6, between fiscal years 1999–2000 and 2001–02, results from LAUSD’s computer survey indicate that both low- and high-performing schools dramatically decreased their student-to-computer ratios in the classrooms. Moreover, although low-performing schools had 34 more students per multimedia computer than did high-performing schools in

**TABLE 6**

**Low-Performing Schools Decreased Student-to-Computer Ratio to Below That of High-Performing Schools From Fiscal Years 1999–2000 to 2001–02**

	Number of Students Per In-Class Computer					
	Fiscal Year 1999–2000*		Fiscal Year 2000–01		Fiscal Year 2001–02	
	Low-Performing	High-Performing	Low-Performing	High-Performing	Low-Performing	High-Performing
Up-to-date computers	86	52	20	18	11	13
All computers	16	13	13	11	9	10

Sources: Los Angeles Unified School District technology surveys, fiscal years 1999–2000, 2000–01, and 2001–02; and the California Department of Education, Academic Performance Index (API) data files for the respective fiscal years.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the API, and high-performing schools are ranked 6 through 10. Data includes elementary, middle, and high schools with more than 100 test-scores contributing to their API. The API ranks for each fiscal year were compared to the LAUSD’s technology survey results for that year.

\* For fiscal year 1999-2000, LAUSD’s technology survey does not separately identify Macintosh computers and laptops as well as IBM laptops. Therefore, this data may not be comparable with the subsequent fiscal years, since these computers have been presented separately and are included in our up-to-date computer totals.

fiscal year 1999–2000, by fiscal year 2001–02, low-performing schools averaged two fewer students per computer than did high-performing schools.

In part, LAUSD's progress can also be attributed to the federal E-Rate program. Authorized by Congress as part of the Telecommunications Act of 1996, E-Rate provides all public and private schools and libraries access to affordable telecommunications and advanced digital technologies to expand their technology capacity and free up resources that would otherwise have been spent on telecommunication expenses. Under the program, eligible schools and libraries may receive discounts ranging from 20 percent to 90 percent on certain telecommunication services. The level of discount on eligible equipment and services is based on the percentage of students eligible for participation in the National School Lunch Program or other federally approved alternative mechanisms contained in the Elementary and Secondary Education Act. E-Rate assists LAUSD in its efforts to provide each of its elementary, middle, and high schools with an appropriate local area network and an infrastructure that will support the school networks.

In May 2000, the city board approved a five-year instructional technology plan, which includes a goal of moving toward a student-to-computer ratio of six to one. However, this goal is inconsistent with a recommendation made by its consultant in 1998 that LAUSD adopt the maximum student-to-computer ratio for ideal learning of five to one. A June 2001 report issued by the Chief Executive Office Forum on Education and Technology states that technology can help to improve scores on standardized tests and to access information that can increase knowledge. The report also indicates that a reasonable goal for the number of students per instructional computer is five or less.

## **RECOMMENDATIONS**

To make sure that each student has the best opportunity to achieve academically, LAUSD should do the following:

- Enforce its existing policy requiring that each student have a textbook in the core subjects for use in the classroom and at home.
- Require schools to certify annually that each student has, or will have prior to the end of that fiscal year, in each subject

area, sufficient textbooks and/or instructional materials that are consistent with the content and cycles of the curriculum framework adopted by the state board.

- Consider adopting a student-to-computer ratio of five to one.

To increase the number of teachers who possess basic credentials in its low-performing schools, LAUSD should continue its current recruitment and retention efforts and expand those efforts to include all financial incentives offered by the State or federal government. Further, LAUSD should review the recommendations of its outside evaluator and implement those recommendations that will further increase its ability to recruit and retain teachers in low-performing schools. ■

## CHAPTER 2

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### ***Facing Possible Reductions in Textbook Funding, the Los Angeles Unified School District Needs Stronger Controls Over Textbook Purchasing and Inventory***

#### CHAPTER SUMMARY

**W**ith budget cuts likely and the imminent sunset of a law that provides a significant amount of funding for textbooks, effective control and use of textbook funding and resources are more important than ever. Although the Los Angeles Unified School District (LAUSD) has numerous funding sources it can use for purchasing textbooks and other instructional materials, it may not be using those funds to purchase textbooks, as specified by law. In addition, LAUSD spends on average less than other large districts in the State per student for textbooks and other instructional materials.

We found that LAUSD can improve its management of textbook resources. For example, state law requires that publishers provide instructional materials free of charge to school districts in California to the same extent as they provide them to school districts in any other state. However, we found that some publishers are not equitably providing free instructional materials to LAUSD schools. Unfortunately, neither the State nor LAUSD is in a position to detect violations because neither monitors publishers to ensure that they are complying with the law. This is disconcerting in light of the hundreds of millions of dollars at stake statewide.

LAUSD could more easily resolve most of the textbook management problems we found if it had a central textbook-purchasing system. For example, centralizing the purchasing function would make it easier to ensure that publishers treat schools fairly. LAUSD also needs to improve the way it manages its textbook inventories and enforce an existing policy to recover for lost or damaged textbooks. Until it does so, LAUSD will be unable to comply with a state law requiring it to publish on its Web site specific information regarding the textbooks used in its schools. In addition, LAUSD spent nearly \$2 million to

implement an electronic textbook inventory system that is not widely used; LAUSD administrators blame funding cuts for the failure of this effort.

Finally, LAUSD can further improve its controls over textbook purchasing by modifying its conflict-of-interest and disclosure code to reduce the risk of bias and the appearance of impropriety in the textbook selection and purchasing processes.

### **UNCERTAINTIES CONCERNING FUNDING MAKE EFFECTIVE USE OF TEXTBOOK FUNDS CRITICAL**

Both the State and LAUSD are facing critical budget decisions, and the impact these decisions will have on textbook funding remains unknown. For example, in July 2002, the Schiff-Bustamante Standards-Based Instructional Materials Program (Schiff-Bustamante) will sunset, and all school districts stand to lose about \$40 per student in funding. The 2002–03 Governor’s Budget May Revision contains \$250 million in funding for schools to purchase instructional materials for Kindergarten through grade 12. Although the governor’s proposal also includes \$150 million of one-time incentive funds for schools to purchase standards-aligned language arts instructional materials, it is particularly important that LAUSD use its textbook funding more effectively. LAUSD spends less on textbooks and instructional materials per student than do other large districts in the State. One result of this is that not all students in the district’s schools have up-to-date textbooks, and some classes have no textbooks at all, as we pointed out in Chapter 1.

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*School districts stand to lose about \$40 per student in funding with the sunset of the Schiff-Bustamante Standards-Based Instructional Materials Program.*

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### **LAUSD’s Use of Textbook Funding Has Been Inappropriate in Some Instances**

Generally, LAUSD fairly allocates funds among all its schools—roughly \$100 million in fiscal year 1999–2000 and \$113 million in fiscal year 2000–01 from the Instructional Materials Fund (IMF) and the Schiff-Bustamante fund—but it has spent funds earmarked for textbooks in the core curriculum on other materials, such as library books. By diverting these restricted funds, LAUSD fails to maximize its ability to provide basic textbooks to all its students.

As discussed in the Introduction, LAUSD takes advantage of numerous funding sources to purchase textbooks for its schools. LAUSD generally allocates funds to its schools based on their gross student enrollment as of October of each fiscal year. LAUSD told us that it uses this method because it can obtain the enrollment numbers earlier than it can the average daily attendance (ADA) numbers. The State allocates the IMF to school districts based on the ADA numbers of elementary schools (Kindergarten through grade 8) for the preceding fiscal year and based on the enrollment data of grades 9 through 12 for the previous October obtained from the California Basic Education System. For fiscal year 1999–2000, the eight low-performing schools we reviewed spent 52 percent of their total allocations compared to the eight high-performing schools, which used 41 percent of their total allocations. However, in fiscal year 2000–01, the eight low-performing schools spent 57 percent of their total allocations, compared to 89 percent of all allocations spent by the eight high-performing schools. Table 7 on the following page compares the allocations and expenditures per student at the eight low-performing and eight high-performing schools we tested, using the funding sources specifically designated for purchasing textbooks and other instructional materials.

Although LAUSD's allocation process appears fair and equitable, schools may be using funds inappropriately. State law requires that roughly \$250 million in Schiff-Bustamante funds be spent by school districts throughout the State for the sole purpose of purchasing instructional materials in the core curriculum that are aligned to content standards for students in Kindergarten through grade 12. Additionally, state law allows the State Board of Education (state board) to specify the percentage of the IMF that it authorizes districts to use for various purposes. The state board's expenditure policy requires that school districts spend at least 70 percent of its IMF allocation on state-adopted instructional resources, including software.

TABLE 7

**The Eight Low- and Eight High-Performing Schools Had Relatively Similar Funding Allocations,  
but Expenditures Differed in Fiscal Years 1999–2000 and 2000–01\***

Instructional Materials Funds	Fiscal Year 1999–2000				Fiscal Year 2000–01*			
	Low-Performing Schools Per Student Expenditures	High-Performing Schools Per Student Expenditures	Low-Performing Schools Per Student Allocation	High-Performing Schools Per Student Allocation	Low-Performing Schools Per Student Expenditures	High-Performing Schools Per Student Expenditures	Low-Performing Schools Per Student Allocation	High-Performing Schools Per Student Allocation
<b>Instructional Materials Fund</b>								
Kindergarten through grade 8 (70 percent)	\$14.50	\$17.07	\$17.50	\$17.50	\$13.90	\$30.10	\$27.17	\$27.17
Kindergarten through grade 8 (30 percent)	6.99	3.91	7.50	7.50	4.73	12.83	12.73	12.73
Grades 9 through 12	9.73	13.48	17.00	17.00	23.03	25.61	31.13	31.13
<b>Schiff-Bustamante Standards-Based Instructional Materials Program</b>	24.29	7.52	40.00	40.00	27.29	43.83	27.97	29.49
Instructional materials account, LAUSD's general fund	2.48	4.14	29.87	31.84	3.98	4.48	29.93	30.94
<b>Totals, textbook and other instructional funds</b>	<b>\$57.99</b>	<b>\$46.13</b>	<b>\$111.87</b>	<b>\$113.84</b>	<b>\$72.93</b>	<b>\$116.85</b>	<b>\$128.93</b>	<b>\$131.46</b>

Source: Data from the Los Angeles Unified School District accounting and budget records.

Note: For purposes of our audit, low-performing schools are ranked in deciles 1 through 5 on the Academic Performance Index (API) and high-performing schools are ranked 6 through 10 on the API.

\* In fiscal year 2000–01, LAUSD allocated all elementary school Schiff-Bustamante funds to its 11 local districts to reallocate to the schools on a needs basis.

LAUSD allocated a total of \$92 million in restricted IMF and Schiff-Bustamante funds in fiscal year 2000–01 either directly or indirectly through the local district to its elementary, middle, and high schools. According to LAUSD accounting records, in fiscal year 2000–01, schools spent \$16.2 million in restricted Schiff-Bustamante and IMF funds to purchase other books that are not part of the core curriculum, such as library books or test preparation workbooks and instructional materials. LAUSD staff suggested that perhaps some of this amount could be the result of school staff entering incorrect expenditure codes on purchase orders. However, in one instance, we found that a payment of \$603 was made to a company to purchase materials on test-taking strategies for high school students, which does not meet the criteria for spending money from the restricted IMF or the Schiff-Bustamante fund. We also found that of 14 invoices we tested, 8 had inappropriate expenditures totaling roughly \$27,000, or 5 percent of the \$550,000 total. According to the acting director of LAUSD’s Business Accounting Branch, the schools enter on the purchase orders the object codes used to designate textbook purchases. The Stock Accounting Section staff perform high-level reviews of the purchase orders but mainly trust that the school staff have the expertise to use the correct object codes. However, our sample of a few invoices indicates that school staff are not always using the correct codes, which suggests that LAUSD cannot ensure that funds designated for purchasing textbooks are spent appropriately.

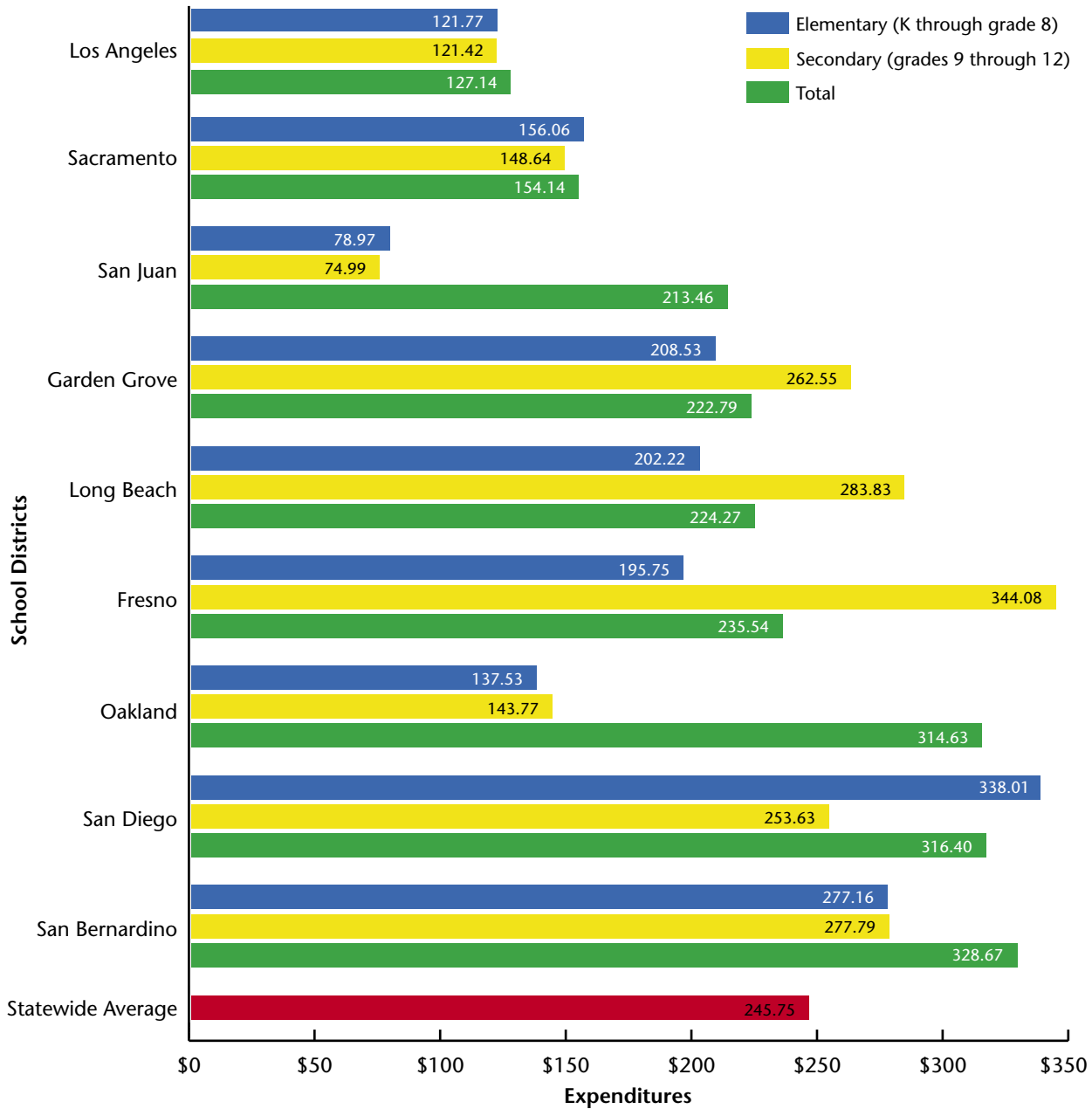
### **Per-Student Spending on Books and Other Instructional Materials Is Less in LAUSD Than in Other Districts and Statewide**

LAUSD’s spending for textbooks, other books, and instructional materials compared with 8 of the 10 largest unified school districts in California was the lowest on a per-student basis. In fact, LAUSD spent less per student when compared to the statewide average for per student spending.



**FIGURE 11**

**Los Angeles Unified School District Spent Less on a Per-Student Basis Than Did Other Large Districts in the State in Fiscal Year 2000–01**



Sources: District information submitted in response to state auditor survey, May 2002. October 2000 California Basic Education System enrollment data.

Note: Data for Los Angeles Unified School District (LAUSD) includes actual expenditures and does not include accruals. Similarly, we requested the other districts to report only their actual expenditures. The total amount spent for all grades by Oakland, San Bernardino, and San Juan includes additional amounts spent by the school district on behalf of schools, but not identified as either elementary or secondary. The total amount spent by LAUSD includes amounts spent by its 11 local districts on behalf of schools.

Statewide average is reported in total for all grades because the California Department of Education does not track expenditures by school type or grade.

As shown in Figure 11, LAUSD spent \$127 per student in total for textbooks, other books, and instructional materials in fiscal year 2000–01. Most districts, however, greatly outspent LAUSD. For example, Sacramento Unified School District, the next highest spending district after LAUSD, spent \$154 per student. Expenditures ranged from a low of \$127 per student for LAUSD to a high of \$329 per student for San Bernardino Unified School District. We present a similar analysis of per-student spending for textbooks, other books, and instructional materials for fiscal year 1999–2000 in Appendix C.

## **BETTER MANAGEMENT OF TEXTBOOK PURCHASING AND INVENTORIES CAN MAKE MORE TEXTBOOK FUNDING AVAILABLE**

LAUSD can better manage its textbook resources by enforcing a state law that requires publishers of textbooks to treat schools fairly, by enforcing an existing policy to recover for lost or damaged textbooks, and by improving the methods used by schools to account for textbook inventories and obsolete or surplus textbooks. LAUSD may also be able to more easily resolve some of these issues by centralizing its textbook-purchasing process.

### **Some Publishers Are Not Treating Schools Fairly**

Some publishers are not equitably providing free instructional materials (commonly referred to as gratis items) to different schools within LAUSD, as state law requires. Unfortunately, neither the State nor LAUSD is in a position to detect violations of the law because neither has an effective system in place to ensure that publishers are complying with the law. Our analysis of the gratis items offered by some publishers revealed that the average value of these items ranges from 71 percent to 88 percent of the purchase price of a textbook.

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***State law requires publishers to provide any instructional materials free of charge to school districts in California to the same extent as they provide them to any school district nationwide.***

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When a school purchases students' editions of a textbook, which can cost an average of \$60 each, the publisher typically offers items free of charge, as long as the school purchases a specified minimum number of books. Gratis items can include teacher and student resource materials, such as lesson planners, practice sets, transparencies, workbooks, computer software, and instructional videos. In some cases, a school can receive gratis items based on the number of teachers or students. For example, one publisher offers a free teacher's edition for every 25 books

purchased. Thus, if a school purchased 100 books, it would receive four free teacher’s editions. State law requires publishers to provide any instructional materials free of charge to school districts in California to the same extent as they provide them to any school district nationwide. The California Department of Education (department) refers to this law as the “most-favored-nations clause.” If a publisher willfully fails to meet this requirement, the publisher is liable to the state board and any one or more school district boards for three times the total value of the instructional materials and services that the districts were entitled to receive free but did not. The superintendent of public instruction and the department are responsible for implementing any laws, regulations, or state board policies.

However, publishers have not always treated the schools within LAUSD the same. For example, during a review of only 15 invoices, we found two cases where schools did not receive

**TABLE 8**

**Two Schools Received Different Free Materials With the Purchase of the Same Algebra Books**

Instructional Materials	Price	Reseda		Manual Arts	
		Received	Not Received	Received	Not Received
<b>Gratis Items Listed on LAUSD’s Price List</b>					
Teacher’s edition (1:25 student editions)	\$ 87.71	8	8	13	19
Assessment success kit (1:teacher)	281.91	0	8	13	0
Student performance pack (1:teacher)	83.43	0	8	13	0
Practice workbook* (1:student)	8.53	400	0	800	0
Student tutorial CD-ROM (1:student)	32.07	0	400	455	345
Teaching resources (1:teacher)	346.11	0	8	13	0
Teaching transparencies (1:teacher)	366.98	0	8	13	0
Algebra video package (1:teacher)	605.97	0	8	0	13
<b>Value of gratis items</b>		<b>\$4,113.68</b>	<b>\$27,004.88</b>	<b>\$36,575.67</b>	<b>\$20,608.25</b>
<b>Gratis Items Not Listed on LAUSD’s Price List</b>					
Skills intervention kit	374.47	8	0	3	10
Secondary math lab toolkit CD-ROM	74.87	0	8	13	0
Solution key	42.23	0	8	13	0
Student’s edition answers on transparencies	253.56	0	8	13	0
<b>Value of gratis items</b>		<b>\$2,995.76</b>	<b>\$2,965.28</b>	<b>\$5,941.99</b>	<b>\$3,744.70</b>
<b>Total of gratis items schools should have received</b>			<b>\$29,970.16</b>		<b>\$24,352.95</b>

Sources: Publisher gratis items proposals; Los Angeles Unified School District invoices, price list, and order forms.

\* For the purchase of one textbook, schools should receive one practice workbook for each student during each year of the adoption. The practice workbook is a consumable component of the student performance pack.

the same gratis items from the same publisher for the same textbooks. Specifically, in November 2001, both Manual Arts and Reseda Senior High Schools purchased the same algebra books within five days of each other; however, Manual Arts received more gratis items than did Reseda. Additionally, as shown in Table 8, the publisher shortchanged both Reseda and Manual Arts gratis items worth more than \$29,000 and \$24,000, respectively.

In another case, both Mar Vista and Fernangeles Elementary Schools purchased the same math books. However, they were shortchanged gratis items worth almost \$7,000 and \$300, respectively. Moreover, Mar Vista paid \$2,160 for five universal access kits while Fernangeles received one free from the publisher.<sup>4</sup>

Furthermore, our analysis of the gratis items offered by six publishers for certain core subjects revealed that the items can be valued at between 71 percent and 88 percent of the purchase price of the textbook. To put this in perspective, LAUSD spends roughly \$22 million for textbooks each year; thus, the value of gratis items could range from between \$15.6 million and \$19.4 million per year. Statewide, in fiscal year 2000–01, schools purchased about \$488 million in textbooks, potentially placing the total annual value of gratis items at between \$346 million and \$430 million.

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***Statewide, in fiscal year 2000–01, schools purchased about \$488 million in textbooks, potentially placing the total annual value of gratis items at between \$346 million and \$430 million.***

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Unfortunately, the disparate treatment shown in our examples, as well as in any other cases that may exist, would most likely not be detected because neither LAUSD nor the State conducts any monitoring to ensure that publishers comply with the most-favored-nations clause. While state law allows the state board and school boards to collect damages for gratis items not received, it is silent on what their responsibilities are for enforcing this law.

### ***The Department Could Do More to Ensure That Schools Receive Fair Treatment***

State regulations require publishers and manufacturers to inform the department in writing of all offers of free instructional materials for Kindergarten through grade 8 within 30 working days of the effective dates of the offers so that all school districts have the opportunity to order the gratis items. However, we

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<sup>4</sup> Universal access kits include items such as teaching guides, transparencies, wall charts and organizers, handbooks, and games.

found that the department can do more to ensure that school districts are made aware of the offerings. Until the department takes a more proactive approach to notifying all schools statewide about gratis items, it cannot ensure that publishers are complying with the most-favored-nations clause and that the State is receiving the savings that would result from not paying for gratis items to which it is entitled.

Although its regulations require publishers to submit in writing all offers of free elementary instructional materials, the department does not take sufficient steps to ensure that all school districts in the State have access to complete publisher information. Before August 2000, the department distributed a list of the publishers' offerings, prices, and gratis items to all school districts. However, on August 7, 2000, the director of the department's Curriculum Frameworks and Instructional Resources Division (curriculum division) sent a letter to the publishers and manufacturers of instructional materials notifying them that it would be their responsibility to notify the school districts of any and all gratis offerings. The curriculum division's prior practice was discontinued because of the expense associated with reproducing and mailing the lists to the school districts.

However, the department instructed the publishers to continue to submit to it their price and gratis offering lists. Although the department publishes on its Web site a listing of all state board adopted instructional materials for Kindergarten through grade 8 and the price lists and order forms, the only gratis items it lists among the many available are teacher's editions and resource packages. The department also publishes on its Web site a list of instructional materials that meet the State's legal and social compliance requirements, but this Web site does not include prices or available gratis items. The director of the curriculum division told us that the curriculum division maintains all gratis item listings and they are available for public review. However, she plans to update the department's Web site to include the gratis items for each of the last four standards-aligned adoptions for Kindergarten through grade 8 since 1999. Although regulations require publishers to report to the department in writing, the department can improve the efficiency of publishing gratis item information on its Web site by requiring publishers to provide information in a standard electronic format.

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***Although the department publishes on its Web site a listing of all materials and their prices for Kindergarten through grade 8, the only gratis items it lists among the many available are teachers' editions and resource packages.***

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In our June 1990 report issued by the auditor general titled *A Review of the Purchasing Practices and Conflict of Interest Policies in the Selection of Textbooks*, we also concluded that publishers were not equitably providing gratis items to all school districts, as state law requires. We further reported that many districts were not aware of the gratis items available to them because publishers were not reporting all items to the department. We recommended that the department remind districts of the importance of reporting to it when publishers offer or provide gratis items that do not appear on the State's price list or its publisher-offering list. The director of the curriculum division told us that while sufficient staff are not available to monitor all sales transactions with all publishers, the curriculum division does investigate all complaints from school districts immediately. However, without sufficient information on the gratis items publishers offer, school districts cannot determine if they have received all items available.

#### ***LAUSD's Efforts to Ensure Fair Publisher Treatment Also Are Insufficient***

State law places the responsibility for adopting instructional materials for use in high schools with the governing board of each school district. Although the law does not provide any specific requirements for school districts to monitor publisher compliance with the most-favored-nations clause, by giving the governing board of each school district the authority to pursue damages, it implies that local monitoring should occur. However, similar to the department, LAUSD does not have any policies or procedures for monitoring publisher compliance with the law. Consequently, LAUSD cannot ensure that its schools are aware of current publisher offerings and is missing savings associated with its purchases.

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***LAUSD does not have any policies or procedures for monitoring publisher compliance with a state law regarding free instructional materials.***

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LAUSD was not aware of the disparate treatment Manual Arts, Reseda, Mar Vista, and Fernangeles received from publishers until we brought it to the attention of the Textbook Services Office coordinator and the assistant superintendent of the Information Technology Division. Even more disturbing, our interviews with superintendents of the 11 local districts or their designated staff revealed that 3 local districts were unaware of the most-favored-nations clause and 2 local districts were aware of it but did not know its specifics. Moreover, the responses from the remaining 6 local districts revealed their beliefs that publishers dictate what is free, schools haggle and bargain with publishers, and LAUSD's Textbook Services Office negotiates with publishers. Some school staff at the schools we visited

told us that they rely on publishers for information about available gratis items. However, one publisher's representative told us that sometimes he directs customers to speak with their local representatives to see which gratis items they can receive based on the number of books they will purchase, the size of the school, and the number of teachers. Further, we noted that several publishers' price lists indicate that the publishers would provide free materials only on request. Thus if a school did not have a current price list or did not request gratis items, the school would most likely not receive the items.

To its credit, on February 26, 2001, LAUSD did provide its middle and high schools with a price list and order form that included gratis items available from the publishers for newly adopted and approved instructional materials for certain math, science, and social science classes. However, in June 2001, LAUSD published a list of authorized instructional materials for its middle and high schools that does not include prices or indicate whether the items are free. According to the Textbook Services Office coordinator, LAUSD will continue to distribute forms and price lists to schools after each state adoption of instructional materials, but she does not have adequate time or staff to produce a comprehensive price list and gratis item order form for all subjects and grades since this could involve working with more than 300 publishers. If schools are not aware of the gratis items that publishers offer, they also will be unable to identify and report to the department or the Los Angeles City Board of Education (city board) cases in which publishers are giving more or fewer gratis items than are specified on current price lists, as we identified in our testing.

Finally, LAUSD may be hampered in its efforts to monitor free materials until it changes the way it tracks its purchases. Specifically, we were hindered in our efforts to test free materials because the LAUSD accounting system does not include a field for the International Standard Book Number (ISBN), which is a unique number that identifies the publisher and title, nor does the system include information regarding instructional materials purchases or gratis items. If LAUSD recorded ISBNs in its accounting system, it could identify purchases of the same book made by different schools and generate reports that would allow it to audit publisher invoices.

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***LAUSD may be hampered in its efforts to monitor publishers until it improves its accounting system.***

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## CENTRAL ADMINISTRATION OF TEXTBOOK PURCHASES MIGHT RESOLVE SEVERAL SHORTCOMINGS

LAUSD might be able to resolve many of the shortcomings in its process for ordering textbooks if it centralizes this function. Specifically, LAUSD could reduce inappropriate charges against restricted state textbook funds, improve its payment record and ability to do business with preferred vendors, and ensure that schools receive the same gratis items from publishers. Returning to a central purchasing system would cost LAUSD roughly \$500,000 annually, but the benefits might outweigh this cost.

Before 1990, the book order section and textbook warehouse within LAUSD's Purchasing Branch (branch) were responsible for verifying the appropriateness of funds, prices, and ISBNs; consolidating school orders and generating purchase orders; and receiving and distributing textbook orders to schools. The branch also handled the collection, sorting, and disposal of obsolete textbooks. In January 1990, in a report to the city board, LAUSD identified potential savings of more than \$800,000 that would result from the elimination of the administrative services the branch provided schools for textbook purchasing. Additional advantages that LAUSD cited included freeing up warehouse space and delegating more local control to schools with minimal, if any, increase in their workloads. The report also highlighted disadvantages, of which at least two have come to fruition. Specifically, LAUSD expressed concern that delays in vendor payments would occur if schools did not submit invoices promptly as well as a potential increase in inappropriate charges against state-restricted textbook funds. Nonetheless, in January 1990, the city board accepted LAUSD's recommendation to disband the branch's function as central administrator of textbook purchases.

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***LAUSD's decentralization of its textbook purchasing function has resulted in shortcomings in its ability to order, receive, and pay for textbooks.***

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LAUSD's decentralization of its textbook-purchasing function has resulted in shortcomings in its ability to order, receive, and pay for textbooks. LAUSD's policy for textbook purchases requires schools to refuse to accept back orders or requests from vendors for extensions beyond 90 days. Purchase orders outstanding more than 90 days might indicate the extent to which LAUSD has not made timely invoice payments, has not received books it ordered, or has canceled an order but failed to release the funds for other uses. As of March 25, 2002, LAUSD had more than \$6.4 million in outstanding purchase orders relating to textbook orders that were more than 90 days old. On May 23, 2002, the LAUSD accounting manager told us that LAUSD recently canceled purchase orders that were more than



three years old or were open for only freight charges. In some cases, LAUSD's slow payment record has hampered its ability to conduct business with preferred vendors or caused them to make continuous inquiries about delinquent payments. Further, as of May 5, 2002, three vendors have placed LAUSD on credit hold until they can resolve billing issues.

LAUSD's decentralization of its textbook-purchasing function may also have resulted in an increase of inappropriate charges against state-restricted textbook funds. As we discussed earlier, before 1990, branch staff were responsible for charging textbook purchases to the appropriate funding sources for LAUSD schools, but now staff at each school perform this function. However, we found some purchases that were inappropriately charged to restricted Schiff-Bustamante and IMF funds by school staff. Also, returning to the central administration of textbook purchases would make it easier for LAUSD to ensure that each school receives the same gratis items offered by publishers and avoid any inadvertent payments for gratis items, such as those previously described. For example, with central administration, branch staff would consolidate school orders and verify ISBNs and publisher prices. The branch estimates that returning to a central purchasing system would cost LAUSD about \$500,000 annually. However, the benefits of returning to a central purchasing system such as ensuring schools receive gratis items may outweigh the costs.

### **LAUSD NEEDS TO IMPROVE ITS TEXTBOOK INVENTORY PROCESS**

A March 1998 staff report and an August 1998 consultant's report found that many schools' textbook inventories were unaccounted for and in disarray and inventory systems were lacking. In response, LAUSD spent almost \$2 million to implement an electronic textbook inventory system in 566 schools. However, the implementation of the system has been unsuccessful, and LAUSD continues to experience problems in managing its textbook inventory. Improving the management of textbook inventories would not only help protect these valuable resources and save LAUSD money but also enable LAUSD to begin complying with a state law requiring it to publicly report information regarding the books schools use. Most important, LAUSD could ensure that each student has a textbook for all subjects.

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***LAUSD spent almost \$2 million to implement an electronic inventory system; however, implementation of the system has been unsuccessful.***

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In 1998, in response to media disclosures about the shortage of textbooks, library books, and instructional materials in LAUSD, the California Community Foundation (foundation) formed the Schoolbook Partners Action Committee (committee). The foundation supports nonprofit organizations and public institutions with funds for health and human services and early childhood education, among other areas of need. The committee's goal was to evaluate the causes of the book shortage and to provide solutions. In a report issued in August 1998, the committee highlighted, among other things, that LAUSD's internal systems for book acquisition and inventory were fundamentally flawed, both in design and execution. The committee recommended that LAUSD implement a districtwide, online system for book inventory control. Appendix B details several of the consultant's recommendations and LAUSD's progress in implementing the recommendations.

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***Of the 16 schools we visited, only 3 had fully implemented the automated inventory system LAUSD purchased, 5 had partially implemented it, and the remaining 8 used either a manual system, a different electronic system, or had no system at all.***

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Between May 1999 and August 2000, LAUSD purchased, for almost \$2 million, an inventory system designed to monitor and account for textbooks and maintain data on textbook damage. LAUSD's initial plans were to fully implement the inventory system in its more than 500 elementary, middle, and high schools by December 2000. To ensure the success of the inventory system, LAUSD required school principals to agree to terms such as entering data into the system and establishing effective procedures to preserve and collect moneys for lost or damaged textbooks. LAUSD created the Textbook Management Section, giving it responsibilities such as training school staff responsible for textbooks, conducting periodic auditing of the inventory control process, and assisting schools on an ongoing basis. The section had 11 employees responsible for the schools within each of the 11 local districts. Between August 1999 and June 2001, section employees visited each school in their local districts at least once every six weeks.

Despite LAUSD's considerable cost and effort to help schools implement the inventory system, we found that many of its schools had not done so. Specifically, as of January 2002, LAUSD reported that 46 schools had never received training, and 12 schools had received the system but had not set it up. Moreover, in our visits to 16 schools, we observed that only 3 had fully implemented the system and 5 had partially implemented the system. The remaining 8 schools used either a manual system, a different electronic system, or no system at all.

### **Reasons for Not Using the Inventory System**

Site visits made by LAUSD's Textbook Management Section found that 192 schools did not use the system for reasons that included the following:

- Staff failed to attend scheduled training.
- Inventory system hardware was stolen from the school.
- Assigned staff were busy with other duties.
- No staff were assigned to textbook duties.
- Turnover of staff assigned to textbook duties.

According to the assistant superintendent of LAUSD's Information Technology Division (IT division), due to a potential budget shortfall of \$153 million in fiscal year 2001–02, LAUSD sought ways to reduce expenditures and as a result it disbanded the Textbook Management Section. In July 2001, LAUSD designated four positions within the Administrative and Support Section of the IT division to staff a help line for schools and provide training on the inventory system. However, even before the cuts, LAUSD reports show that many schools did not implement the system. Specifically, before July 2001, district reports indicate that 192 schools were not using the inventory system, 242 schools were partially using it, and 119 were fully using it. LAUSD's records did not adequately identify the status for 13 schools.

The assistant superintendent of the IT division told us that the implementation of the inventory system was only partially successful because the former cluster offices, now the local district offices, did not provide strong support for its use. However, in our interviews with local district superintendents, we found that they believe the system has not been successful because of LAUSD's budget reductions relating to the Textbook Management Section and the lack of adequate staff in the schools to maintain the system. Although LAUSD's Business, Finance, Audit, and Technology Committee lists the development of a centralized textbook inventory system as one of its technology projects, it reported in May 2002 that this project is not fully funded.

Nonetheless, LAUSD's inability to monitor and account for its textbooks adequately makes it unable to comply with state law, which requires it to report, among other items, the quantity and quality of textbooks in its schools. Specifically, the Classroom Instructional Improvement and Accountability Act requires school districts to prepare school accountability report cards so that parents can make meaningful comparisons between public schools before enrolling their children. The report cards must include an assessment of the quality and currency of textbooks and other instructional materials, including whether these textbooks meet state standards, the ratio of textbooks per student, and the year the textbooks were adopted by the state

board or the governing board of the school district. However, LAUSD merely reports the following information on all its school accountability report cards:

*The LAUSD has set a priority on ensuring that a sufficient number of textbooks to support the school's instructional program is available. The instructional materials are chosen primarily from the textbooks adopted by the Department of Education. Acquisition of educational technology and access to current additional resources to support the instructional program for all students are priorities in determining the budget expenditures.*

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***One school reported losing 950 textbooks in fiscal year 2000–01, which can equate to \$57,000.***

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Moreover, an inadequate system for tracking textbooks also diminishes the ability of some schools to ensure that students or their parents are accountable for lost or damaged textbooks. Consequently, schools may not be recovering as many textbooks or as much money as they could. The textbook clerk at Manual Arts Senior High School told us the school lost about 950 textbooks in fiscal year 2000–01, which can equate to roughly \$57,000. State law requires school districts to establish rules and regulations governing procedures for recovering damages if students do not return loaned property, such as textbooks, on demand. Also according to state law, after students have received due process and parents or guardians received proper notification, school districts can withhold a student's grades, diploma, or transcripts until the damages are paid. However, if the student, a parent, or guardian is unable to pay for the damages or return the property, school districts must provide a program of voluntary work for the student in lieu of the payment of monetary damages.

In accordance with state law, LAUSD has established a policy for ensuring student accountability. LAUSD's policy requires schools to provide a voluntary work program and outlines certain situations in which withholding student grades, diploma, or transcripts do not apply, such as when a student transfers to another school or district. The policy also states that schools must adopt an accounting or inventory system that clearly identifies the student and the type of school property issued to the student. If schools do not maintain a system, they cannot withhold student grades, diplomas, or transcripts.

During our testing of 16 schools, we found varying degrees of compliance with LAUSD’s policy. For example, 2 elementary schools—Wilbur and Wonderland Avenue—do not have textbook inventory systems. The school principals told us that their schools did not incur any losses in fiscal year 2000–01. However, we question the principals’ ability to determine that no losses occurred without inventory systems to track the issuance and return of textbooks for the roughly 430 to 660 students enrolled in their schools. In addition, we found that 7 of the 16 schools were either not aware of or had no plans to use LAUSD’s voluntary work program. Further, 7 schools have gone beyond the LAUSD policy by implementing a policy prohibiting students from participating in school-sponsored events such as dances and graduation until they repay textbook-related debts. Finally, we found during our interviews that 5 of the 11 local district superintendents or their designated staff were unaware of the methods available for their schools to recover for lost or damaged textbooks under LAUSD’s policy.

Until it rectifies its textbook inventory control problems and ensures that local districts and schools are aware of its policy for lost and damaged textbooks, LAUSD will continue to be unable to comply with the law or to identify textbook losses and seek the appropriate restitution.

### **LAUSD CAN STRENGTHEN ITS CONFLICT-OF-INTEREST AND DISCLOSURE CODE TO INCLUDE STAFF INVOLVED IN TEXTBOOK-PURCHASING DECISIONS**

LAUSD can further improve its controls over textbook purchasing by modifying its conflict-of-interest and disclosure code. Currently, LAUSD’s conflict-of-interest code does not require principals and members of textbook evaluation committees to complete an annual disclosure statement that would reveal any potential conflicts with textbook publishers or manufacturers. By strengthening its code, LAUSD can further reduce the risk of bias or the appearance of impropriety in the textbook adoption and purchasing process.

State law requires every agency, including school districts such as LAUSD, to adopt a conflict-of-interest and disclosure code, which lists the designated positions involved in making final decisions or participating in decisions that foreseeably have a material effect on any financial interest. Each employee in a designated position must file an annual statement disclosing

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*LAUSD’s conflict-of-interest and disclosure code does not require principals or members of the textbook evaluation committees to complete an annual disclosure statement that would reveal any potential conflicts with textbook publishers or manufacturers.*

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reportable investments, business positions, interests in real property, and income held or received during the previous calendar year. LAUSD's conflict-of-interest and disclosure code lists designated positions, such as city board member, superintendent of schools, and assistant superintendent of instructional media. However, LAUSD does not require school principals or their designees, who are often responsible for authorizing purchases of textbooks and other instructional materials, to complete the annual statement. LAUSD's ethics officer told us that it is in the midst of making major revisions to the disclosure code, which will include adding principals to the designated employee list. He expects to submit the most recently proposed revisions to the city board for approval by the end of June 2002. In addition, he told us that future proposals would include the results of LAUSD's continuous review of other district and school positions and their changing responsibilities to see if it is appropriate to add them to the list of designated positions.

Although the policy is unwritten, LAUSD also requires every member of its textbook evaluation committees to complete an abbreviated conflict-of-interest disclosure statement that requests information on any past, current, or future income from or business relationships with publishers submitting materials to the committee. Textbook evaluation committee members are responsible for evaluating and recommending textbooks for inclusion on the LAUSD list of authorized instructional materials for grades 9 through 12. The state board's conflict-of-interest code lists instructional materials evaluation panel member as a designated position. The state board requires individuals in this position to complete an annual conflict-of-interest disclosure statement and report investments, business positions, and income to the extent that they know or have reason to know that the business entity in which the investment or business is held or the source of income is a publisher, manufacturer, or vendor of instructional materials or services offered to educational institutions in the State.

Until LAUSD revises its conflict-of-interest and disclosure code to include the positions of principal and textbook evaluation committee member, it cannot ensure that staff making final textbook-purchasing decisions or participating in these decisions are free of conflicts of interest with publishers, manufacturers, and vendors of instructional materials, including textbooks.

## RECOMMENDATIONS

To make sure that restricted funds are spent appropriately, LAUSD should do the following:

- Provide training to school accounting staff to ensure that they are aware of the proper accounting for textbook funds.
- Conduct periodic monitoring of the use of state-restricted textbook and instructional materials funds to ensure the uses are appropriate.

To ensure that publishers are treating all California schools equitably, the department should do the following:

- Modify its regulations or seek legislation, if necessary, to require publishers and manufacturers to report, at a minimum, all offers of free instructional materials for Kindergarten through grade 12 within 30 working days of the effective date of the offer. Further, the department should maintain a comprehensive Web site that contains this information and require publishers to report to the department in a standard electronic format.
- Establish a hot line to receive complaints regarding unfair treatment and instruct school districts to contact the hot line if they receive textbook prices or free materials that differ from those posted on the department's Web site.
- When necessary, pursue cost recovery for any violations of the most-favored-nations clause.
- Work with school districts to identify and remove any other obstacles that prevent them from effectively monitoring the most-favored-nations clause.

To ensure that its schools are treated fairly by publishers, LAUSD should do the following:

- Ensure that school and local district staff involved in purchasing textbooks and other instructional materials are aware of the most-favored-nations clause and have access to current publisher price and gratis item lists when placing orders.

- Modify its accounting system to include ISBNs.
- Collect damages from the publishers identified in our report for noncompliance with the most-favored-nations clause.
- Conduct periodic monitoring of the prices and gratis items publishers offer its schools for similar purchases and pursue cost recovery for any exceptions found.
- Work with the department to identify and remove any other obstacles that prevent it from effectively monitoring the most-favored-nations clause.

To improve its textbook-purchasing process and ensure equitable publisher treatment, LAUSD should consider centralizing its textbook-purchasing function at LAUSD or the local district level.

To enhance its textbook inventory systems and to comply with state law requiring it to publish lists of texts used in its schools, LAUSD should proceed with its plans to develop a centralized textbook inventory system. The system should include all texts and other instructional materials at each school and include ongoing standardized training and both implementation and technical support.

To improve its ability to identify textbook losses and seek appropriate restitution, LAUSD should make sure that schools and local district staff are aware of and are complying with its student accountability policy for lost or damaged textbooks, including the maintenance of an accounting or inventory system that clearly identifies the student and the type of school property issued to the student.

To strengthen its conflict-of-interest and disclosure code, LAUSD should do the following:

- Revise the code to include principals and textbook evaluation committee members in its list of designated positions.
- Continue its plan to review other district and school positions for inclusion in the code as designated positions.



We conducted this review under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,



ELAINE M. HOWLE  
State Auditor

Date: June 26, 2002

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## APPENDIX A

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### ***Selected School Accountability Report Card Information for the 16 Schools We Visited***

**S**tate law requires school districts to make available school accountability report cards so parents can effectively compare public schools and thus make informed decisions on which school to enroll their children. The school accountability report card must include data such as the results of student assessments, class size, teacher credentials and availability, and attendance. Table A.1 on the following page includes the selected information from school accountability report cards for the 16 schools in our sample.

School Accountability Report Card Information for the 16 Schools We Visited

Selected Schools	Mary McLeod Middle	Hillery T. Broadous Elementary	George Washington Carver Middle	Hollywood Senior High	Holmes Avenue Elementary	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	
<b>LAUSD Local District</b>																							
<b>Racial/Ethnic Composition</b>																							
American Indian/ Alaskan	0.00	0.10%	0.00	0.00	0.00	0.00	0.00	0.30%	0.10%	0.70%	1.10%	0.40%	0.50%	0.70%	1.70	9.90	1.30	2.20	0.30	0.00	0.00	0.90%	0.00
Asian	0.10%	0.00	0.00%	2.10%	6.50%	0.20%	0.50	0.50	0.10	20.70	9.30	26.40	8.50	7.20	1.70	9.90	1.30	33.50	10.90	0.20	0.00	5.60	5.80%
Black/Not Hispanic	23.50	10.50	10.60	5.20	21.40	46.10	38.10	38.10	20.60	7.50	9.90	9.30	17.70	13.60	9.90	17.70	1.30	25.20	10.90	0.20	0.00	7.40	6.30
Filipino	0.10	0.10	0.00	2.70	0.00	0.00	0.50	0.50	0.10	3.30	3.10	3.00	0.80	2.20	1.30	0.80	1.30	33.50	10.90	0.20	0.00	7.40	6.30
Hispanic	76.10	88.80	89.20	67.60	72.10	53.50	60.40	60.40	79.10	25.00	39.30	25.50	25.20	33.50	57.80	25.20	57.80	33.50	10.90	0.20	0.00	7.40	6.30
Pacific Islander	0.00	0.30	0.00	0.00	0.00	0.00	0.10	0.10	0.00	0.50	0.00	0.30	0.30	0.60	0.70	0.30	0.70	0.60	0.20	0.00	0.00	7.40	6.30
White	0.10	0.20	0.00	22.40	0.00	0.20	0.10	0.10	0.00	42.30	37.30	35.00	47.00	42.40	27.80	47.00	27.80	42.40	74.70	75.70	75.70	74.70	75.70
<b>Total Enrollment</b>	<b>2,179</b>	<b>1,018</b>	<b>2,387</b>	<b>2,673</b>	<b>495</b>	<b>1,049</b>	<b>2,432</b>	<b>3,317</b>	<b>3,564</b>	<b>3,818</b>	<b>402</b>	<b>2,127</b>	<b>2,148</b>	<b>3,045</b>	<b>2,752</b>	<b>1,446</b>	<b>2,320</b>	<b>3,045</b>	<b>659</b>	<b>206</b>	<b>206</b>	<b>659</b>	<b>206</b>
<b>School capacity</b>	<b>3,202</b>	<b>1,103</b>	<b>2,533</b>	<b>2,867</b>	<b>646</b>	<b>1,147</b>	<b>2,596</b>	<b>3,577</b>	<b>3,577</b>	<b>3,818</b>	<b>402</b>	<b>2,127</b>	<b>2,148</b>	<b>3,254</b>	<b>3,298</b>	<b>2,148</b>	<b>3,298</b>	<b>3,254</b>	<b>793</b>	<b>253</b>	<b>253</b>	<b>793</b>	<b>253</b>
<b>Number of classrooms</b>	<b>83</b>	<b>47</b>	<b>74</b>	<b>84</b>	<b>33</b>	<b>41</b>	<b>111</b>	<b>107</b>	<b>107</b>	<b>128</b>	<b>17</b>	<b>77</b>	<b>79</b>	<b>125</b>	<b>120</b>	<b>79</b>	<b>120</b>	<b>125</b>	<b>40</b>	<b>20</b>	<b>20</b>	<b>40</b>	<b>20</b>
<b>Average daily attendance</b>																							
Kindergarten	-	142	-	-	62	164	-	-	-	-	35	-	-	-	-	-	-	-	88	36	36	88	36
Grades 1-3	-	487	-	-	243	493	-	-	-	-	155	-	-	-	-	-	-	-	297	102	102	297	102
Grades 4-6	617	291	695	-	141	285	-	-	-	-	138	367	433	-	-	433	-	-	207	55	55	207	55
Grades 7-8	1,187	-	1,358	-	-	-	-	-	-	-	-	688	829	-	-	829	-	-	-	-	-	-	-
Grade 9-12	-	-	-	2,087	-	-	1,595	2,975	-	2,975	-	-	-	2,581	2,210	2,581	-	-	-	-	-	-	-
Ungraded*	99	22	93	88	6	49	128	79	154	79	6	38	62	71	110	62	110	71	33	-	-	33	-
<b>Totals, average daily attendance</b>	<b>1,903</b>	<b>942</b>	<b>2,146</b>	<b>2,175</b>	<b>452</b>	<b>991</b>	<b>1,723</b>	<b>3,054</b>	<b>2,865</b>	<b>3,054</b>	<b>334</b>	<b>1,093</b>	<b>1,324</b>	<b>2,652</b>	<b>2,320</b>	<b>1,324</b>	<b>2,320</b>	<b>2,652</b>	<b>625</b>	<b>193</b>	<b>193</b>	<b>625</b>	<b>193</b>
<b>Academic Performance Index (API) Data</b>																							
Percent tested	98	99	98	90	99	98	84	92	92	99	98	99	99	97	90	99	90	97	100	100	100	100	100
API score	407	421	387	477	406	414	385	415	415	739	808	766	747	649	640	747	640	649	831	901	901	831	901
Statewide rank	1	1	1	1	1	1	1	1	1	9	9	8	8	6	6	8	6	6	9	10	10	9	10
Similar schools' rank†	1	1	1	1	1	1	1	1	2	9	9	8	6	6	9	6	9	6	9	10	10	9	10
<b>Teacher Credential Information</b>																							
Total number of teachers‡	103	59	96	135	25	53	111	158	139	139	18	80	81	122	140	81	140	122	34	20	20	34	20
Basic credential	58	41	60	102	14	32	70	123	122	122	12	63	69	84	116	69	116	84	28	17	17	28	17
Emergency credential	40	20	43	38	11	24	51	38	22	22	4	18	14	35	15	14	15	35	5	3	3	5	3
Teachers with waivers	1	0	1	1	-	-	3	-	-	-	-	-	1	1	-	1	-	1	2	0	0	2	0
Teachers with bilingual certification	7	9	13	17	2	2	3	11	10	10	2	1	2	8	8	2	8	8	-	1	1	-	1

Sources: Los Angeles Unified School District, fiscal year 2000-01 School Accountability Report Cards; California Department of Education, 2001 Academic Performance Index Base Report.

\* Ungraded represents any student excluding adults who is in an ungraded program, which may include students that are in special education day classes.

† Comparison of each school with 100 other schools with similar demographic characteristics.

‡ Total number of teachers represents full-time equivalents.

## APPENDIX B

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### ***Status of Prior Recommendations to Improve Textbook Purchases and Inventory***

In 1998, the California Community Foundation formed the Schoolbook Partners Action Committee (committee). The committee's report, issued in August 1998, contained numerous findings and recommendations for the Los Angeles Unified School District. As shown in Table B.1 on the following page, the committee highlighted the issues that most significantly affect the textbook shortage, including inventory control and accountability.

**TABLE B.1**

**Los Angeles Unified School District Continues to Work on  
Implementing Recommendations From the August 1998  
California Community Foundation Report, *No Bang For Our Books***

Recommendation	Progress	Status	Plan
<p>Los Angeles Unified School District (LAUSD) should implement a districtwide online system for textbook inventory control, accessible at all school sites via an Internet site on the World Wide Web. The Intranet site should use automated bar coding, or other systems, to continuously account for and monitor textbook supplies from all school sites, cluster offices, and administrative venues.</p>	<p>LAUSD initiated an Online Surplus Textbook Exchange via LAUSDnet in June 1999. However, LAUSD's schools have not used this exchange system for nearly two years.</p> <p>Beginning August 13, 1999, the Textbook Management Section of LAUSD's Purchasing Branch trained staff and installed inventory control equipment for an electronic inventory system. However, as discussed on pages 52 through 54 the report, LAUSD's implementation of the system has been unsuccessful.</p> <p>LAUSD has created a proposal for a central interface with schools for the electronic inventory system so there will be a master database of textbook information.</p>	<p>Partially implemented</p>	<p>LAUSD continues to survey schools to track the status of the schools' implementation of the electronic textbook inventory system. Additionally, LAUSD has prepared another phase to its plan for an electronic textbook inventory system that calls for the systems to be linked so that LAUSD can obtain districtwide reporting capabilities from a centralized database. However, this project is not fully funded at this time.</p>
<p>LAUSD should use a working group that includes administrators, teachers, parents, and students to implement a system designed to hold schools, families, and students accountable for the responsible use and return of books and instructional materials.</p>	<p>LAUSD issued a bulletin to its schools in July 1996 notifying schools of LAUSD's policy on accountability. LAUSD's policy directs schools to establish accountability systems. As discussed in Chapter 2 of our report, LAUSD further delineated the schools' authority to withhold grades, diplomas, or transcripts for students with lost or damaged textbooks. LAUSD has yet to form a working group, however, to examine student textbook accountability issues.</p>	<p>Partially implemented</p>	<p>LAUSD will establish a working group with representatives from each local district. The members of the group will represent the recommended participants through the local district offices.</p>

Recommendation	Progress	Status	Plan
<p>The Los Angeles City Board of Education (city board) should further promote and encourage the sale, by its schools, of surplus textbooks on the open market, once it is determined that those books are not being sought by other schools in LAUSD.</p>	<p>Since 1996, LAUSD has authorized schools to sell obsolete textbooks in Bulletin No. 64 (Rev.), <i>Donation and Sale of Obsolete Textbooks</i>. LAUSD has done little in terms of “promoting” surplus textbook sales, believing that the textbook inventory system will eventually allow for better identification of surplus holdings. However, LAUSD has not ensured that its schools are fully using the system. Therefore, the system’s use as a tool to better identify surplus textbooks is limited.</p>	<p>Not implemented</p>	<p>LAUSD will develop inventory guidelines that require schools to implement the electronic inventory system. Movement has taken place in the implementation of a central collection of textbook inventory data and, with appropriate funding allocations, a review system will be put in place to assist local districts in working with schools to promote the exchange or sale of surplus texts.</p>
<p>LAUSD should issue a new, revised, and specific position description for cluster administrators, according them substantial responsibilities as instructional leaders. Individuals selected to serve as cluster administrators should have impeccable credentials in, and commitment to, instructional excellence.</p>	<p>During the district reorganization in July 2000, LAUSD created the position of local district superintendent. The job description for this position included providing leadership and direction for the planning, evaluation, improvement, and implementation of the instructional program in all schools within the local district.</p>	<p>Implemented</p>	<p>LAUSD has fully implemented this recommendation.</p>
<p>Cluster-level book warehousing facilities should be established to strike a balance between the economies of scale implicit in operation of a centralized book purchasing and warehousing operation and necessary local autonomy in decisions about instructional philosophy and approach.</p>	<p>LAUSD declined to pursue this recommendation. LAUSD’s practice is to have schools make purchases for textbooks directly with the Integrated Financial System and school purchase orders. LAUSD eliminated the central warehouse in 1990, in part due to concerns with timeliness of deliveries. LAUSD questions the need for funding, staff, and land acquisition for 27 book warehouses.</p>	<p>Not implemented</p>	<p>LAUSD declined to implement this recommendation.</p>
<p>At each high school and middle school in each cluster, a full time school site textbook and instructional materials coordinator, who is also an expert on instructional technology, should be employed. Each elementary school should have the services of a full-time librarian whose duties specifically include responsibility for textbook supplies and instructional technology.</p>	<p>LAUSD created 27 positions for instructional technology applications facilitators during the July 2000 district reorganization. LAUSD staff recommended to the city board that LAUSD fund full-time textbook clerks for secondary and large elementary schools.</p>	<p>Partially implemented</p>	<p>LAUSD staff recommended that LAUSD fund full-time textbook clerks for secondary and large elementary schools; however, because of budget cuts, LAUSD has not yet implemented staff recommendations. In the future, LAUSD staff plan to continue to present this recommendation to the city board.</p>

*continued on next page*

Recommendation	Progress	Status	Plan
<p>To avoid practical problems of textbook supply posed by the insistence of individual faculty members on using books not selected by any of their colleagues, faculties should be required to agree, at the cluster level, on a reasonable list of book options for teachers in every subject and grade.</p>	<p>LAUSD believes it is moving in this direction. In its last two adoptions, LAUSD used a modified centralized purchasing approach. Local districts coordinated purchases for their schools with the help of the central district. LAUSD staff recommended to the city board that schools standardize book selections based on department or grade-level needs. The city board has moved closer to this in recent years by limiting the choices available for the reading/language arts and mathematic adoptions.</p>	<p>Partially implemented</p>	<p>LAUSD plans to continue to move toward a centralized ordering approach in the future.</p>
<p>LAUSD should hire an instructional materials coordinator at each cluster level to facilitate the tracking of inventory and issues pertinent to dissemination of instructional materials of all types, including new media.</p>	<p>LAUSD has not pursued this recommendation, believing that the electronic textbook inventory system will be able to track this information. However, as discussed on pages 52 through 54 of our report, the implementation of the electronic textbook inventory has been unsuccessful.</p>	<p>Not implemented</p>	<p>LAUSD continues to survey schools to track the status of the schools' implementation of the electronic textbook inventory system. Additionally, LAUSD has prepared another phase to its plan for an electronic textbook inventory system that calls for the systems to be linked so that LAUSD can obtain districtwide reporting capabilities from a centralized database. However, this project is not fully funded at this time.</p>
<p>The LAUSD superintendent should convene a panel comprising the principals of high schools and middle schools that reported adequate book supplies during the 1997–98 school year. This panel should be charged with developing, by no later than January 1, 1999, a zero-based approach for ensuring adequate book supplies that draws on their own experiences and successful networking methods.</p>	<p>LAUSD convenes focus groups when it is trying to formulate policies. However, LAUSD has not pursued forming a “best practices” group to try to learn from successful schools.</p>	<p>Not implemented</p>	<p>LAUSD believes that this is a good idea but at present does not plan on pursuing this recommendation.</p>
<p>LAUSD and the city board should increase their efforts to involve teachers, administrators, students, and experts in the field in developing a new and effective plan to implement new instructional technologies.</p>	<p>LAUSD staff presented an instructional technology plan to the city board. The city board adopted this plan on May 9, 2000. The plan presented a blueprint for instructional technology in LAUSD for five years, fiscal years 2000–01 through 2004–05.</p>	<p>Implemented</p>	<p>LAUSD has fully implemented this recommendation.</p>

Recommendation	Progress	Status	Plan
<p>LAUSD should substantially expand inservice training opportunities available to its teachers on instructional technology issues. LAUSD should make these training opportunities available at the school site or at special conferences for which teachers are granted release time to facilitate their attendance.</p>	<p>LAUSD awarded challenge grants at the elementary and middle school levels. Additionally, its Information Technology Division provides extensive professional development. Further, LAUSD has expanded inservice training provided by its Technology Centers, created online courses, and sponsored Instructional Technology Fairs.</p>	<p>Implemented</p>	<p>LAUSD has fully implemented this recommendation.</p>
<p>LAUSD should thoroughly investigate the role of textbook publishing companies in determining the pace and nature of the introduction of instructional technology.</p>	<p>LAUSD has begun surveying schools to determine the types and number of software titles in the classrooms. Additionally, a list of software titles aligned to state standards that LAUSD has approved for its schools to use is available. The State requires publishers of state-adopted materials to provide electronic support. Finally, more than 250 elementary schools in Kindergarten through grade 1 in LAUSD are currently using the electronic Waterford Early Reading Program.</p>	<p>Implemented</p>	<p>LAUSD has fully implemented this recommendation.</p>
<p>LAUSD should adopt what may be called the "Rule of Five":</p> <ol style="list-style-type: none"> <li>1. The maximum computer to pupil ratio is 5 to 1 for ideal learning.</li> <li>2. Teachers need 5 years to fully integrate technology into their curriculum.</li> <li>3. Five percent of any educational budget should go to technology.</li> <li>4. Computers have a 5-year life span.</li> <li>5. In 5 years, all classes in the district will be wired.</li> </ol>	<p>The city board adopted LAUSD's instructional technology plan on May 9, 2000. Some of the rules proposed by the report are being implemented because of the plan, in addition to the E-Rate match, Proposition BB, and challenge grant implementations. Furthermore, LAUSD has notified schools that they should be moving to a student-to-computer ratio of 6 to 1. LAUSD believes that schools either meet that target, or are moving close to it.</p>	<p>Partially implemented</p>	<p>LAUSD is continuing to implement its instructional technology plan, as well as the E-Rate, Proposition BB, and challenge grants.</p>
<p>LAUSD should reintroduce lockers on middle and high school campuses to ease the burdens for students of carrying books to, from, and around school.</p>	<p>LAUSD is still considering the viability of this recommendation. LAUSD believes that it is primarily a school decision rather than a district one. However, in new schools, LAUSD is incorporating a lockers option into the overall planning of the school.</p>	<p>Partially implemented</p>	<p>The city board has passed a resolution requiring the inclusion of lockers in newly designed middle and senior high schools and the re-institution of lockers at existing schools.</p>

*continued on next page*



Recommendation	Progress	Status	Plan
<p>LAUSD should identify and implement ways to encourage students to value books.</p>	<p>LAUSD has not fully complied with this recommendation. LAUSD's policy is to have schools notify parents or guardians that it will hold them responsible for books lost by their children. However, as discussed on pages 55 and 56 of our report, LAUSD does not monitor schools to ensure compliance with this policy.</p>	<p>Partially implemented</p>	<p>LAUSD will research and distribute information from schools that have successfully implemented textbook return and loss policies. LAUSD will assist local districts in working with their local school sites to implement policies that safeguard textbook collections.</p>
<p>LAUSD should make the greater integration of the Internet and other new instructional media into current curricula its top instructional materials priority.</p>	<p>LAUSD's instructional technology plan, adopted in May 2000, is creating more access in classrooms and schools. Additionally, LAUSD's Information Technology Division is revising district courses of study descriptions to include the use of technology.</p>	<p>Partially implemented</p>	<p>LAUSD plans to continue to implement and monitor its instructional technology plan to comply with this recommendation.</p>
<p>LAUSD should continue the close monitoring of the effects of Proposition 227 but begin immediately to produce contingency plans—including identification of necessary financial resources—in the event LAUSD is compelled to replace non-English-language textbooks and instructional materials with English-only versions.</p>	<p>LAUSD completed all recommendations related to Proposition 227.</p>	<p>Implemented</p>	<p>LAUSD has fully implemented this recommendation.</p>

## APPENDIX C

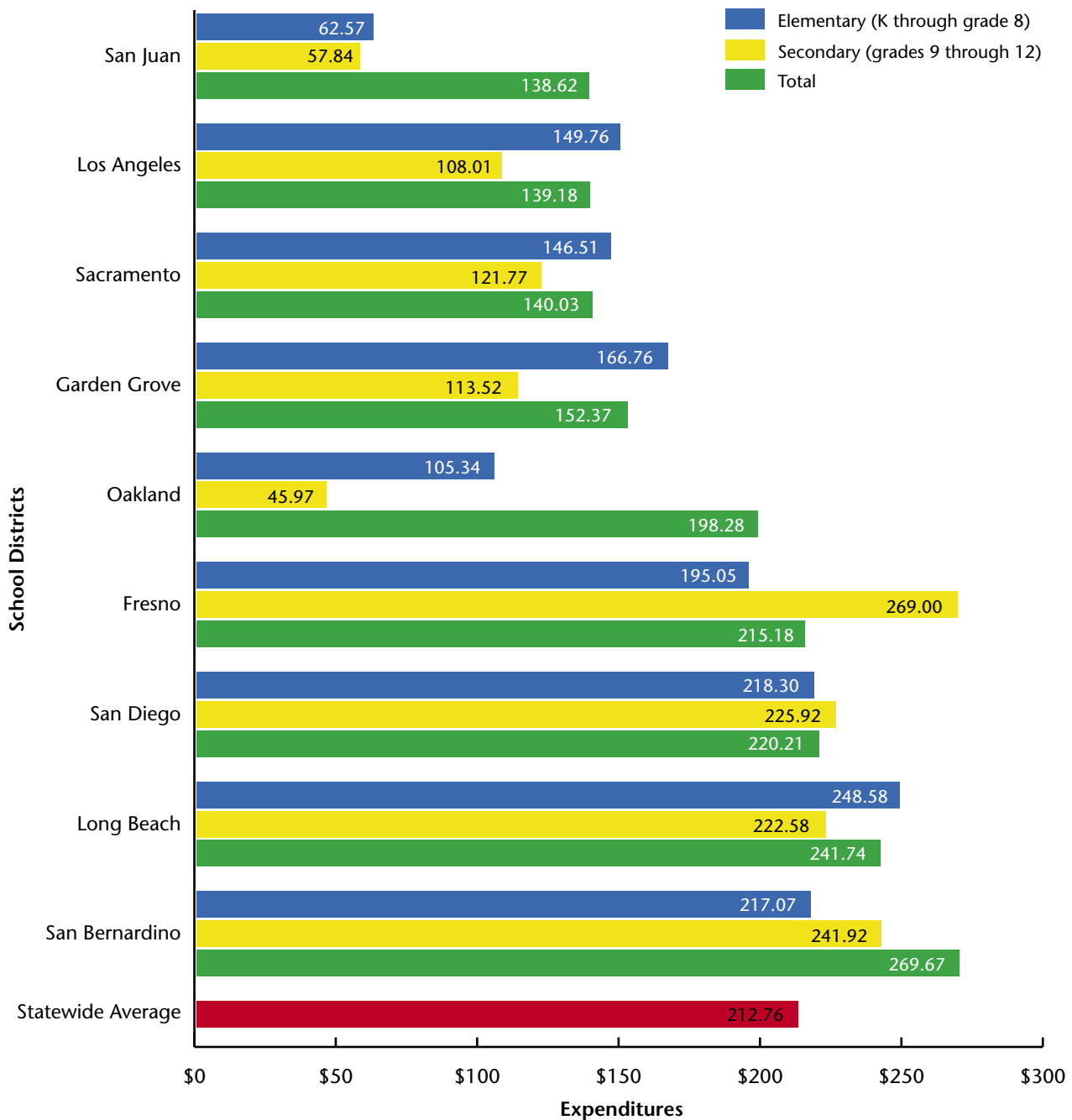
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### ***Comparison of Fiscal Year 1999–2000 Average Per Student Spending for Textbooks and Other Instructional Materials***

The Joint Legislative Audit Committee asked the Bureau of State Audits to compare Los Angeles Unified School District's average amount spent per student during the past two years for textbooks and other instructional materials to the amount spent by a representative sampling of school districts and the statewide average for all school districts. Figure C.1, on the following page, presents our comparison for fiscal year 1999–2000. The results of our comparison for fiscal year 2000–01 are shown on page 44.

**FIGURE C.1**

**Los Angeles Unified School District Spent Less on a Per-Student Basis Than Did Most Other Large Districts in the State in Fiscal Year 1999–2000**



Sources: District information submitted in response to state auditor survey, May 2002. October 1999 California Basic Education System enrollment data.

Note: Data for Los Angeles Unified School District includes actual expenditures and does not include accruals. Similarly, we requested the other districts to report only their expenditures. The total amount spent for all grades by Oakland, San Bernardino, and San Juan includes additional amounts spent by the school district on behalf of schools, but not identified as either elementary or secondary.

Statewide average is reported in total for all grades because the California Department of Education does not track expenditures by school type or grade.

*Agency's comments provided as text only.*

Los Angeles Unified School District  
Administrative Offices  
450 North Grand Avenue, Room A-223  
Los Angeles, California 90012

June 17, 2002

Elaine M. Howle, State Auditor\*  
Bureau of State Audits  
555 Capitol Mall, Suite 300  
Sacramento, CA 95814

Dear Ms. Howle,

Enclosed please find LAUSD's response to your draft audit report entitled "The Los Angeles Unified School District: Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance Than Other Factors, but the District Should Improve Its Management of Textbook Purchasing and Inventory".

The District is pleased to find that your audit revealed that there is no significant disparity between high performing and low performing schools in regards to the quality and quantity of textbooks and instructional materials. Also, we are most pleased that our efforts in the area of Instructional Technology did not go unnoticed. Your findings reflect the positive efforts of our District to provide access and equity in all educational programs.

While LAUSD appreciates the depth that your audit team went to develop the content for this report, we think the report is presented in a negative tone. In instances where there was an opportunity to provide a positive statement, only the negative was presented. For example, the title of the report begins with "The Los Angeles Unified School District: Outdated, Scarce Textbooks at Some Schools....." when in the body of the report data presented shows clearly 87% of the 884 classrooms visited by your team use up-to-date texts in the instructional program. In another example relating to the scarcity of textbooks, the body of the report shows clearly 97% of the 884 classes and the 21,388 students reviewed had textbooks available. The negative reporting manner used here does not help the public understand that significant changes are being made in public education and that student academic performance is improving in this District.

I fully understand the task you have in conducting the audits your department is charged to do. I also understand the need for continuous review and improvement. Your report has pointed out recommendations for improvement that the District will undertake.

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\* California State Auditor's comments begin on page 83.

The attached responses have been given serious thought and provide a pathway to improvement in the area of textbooks and instructional materials. I am hopeful that you will adjust some of your comments to reflect the more positive conditions and improvements your audit team encountered. I appreciate the time that your staff will take in considering our responses and look forward to receiving the final copy of your report later this month.

Sincerely,

*(Signed by: Roy Romer)*

Roy Romer,  
Superintendent

**Los Angeles Unified School District**

**RESPONSE TO DRAFT RECOMMENDATIONS TO STATE BUREAU OF AUDITS**

*“THE LOS ANGELES UNIFIED SCHOOL DISTRICT: OUTDATED, SCARCE TEXTBOOKS AT SOME SCHOOLS APPEAR TO HAVE A LESSER EFFECT ON ACADEMIC PERFORMANCE THAN OTHER FACTORS, BUT THE DISTRICT SHOULD IMPROVE ITS MAMNAGEMENT OF TEXTBOOK PURCHASING AND INVENTORY”*

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**Introduction**

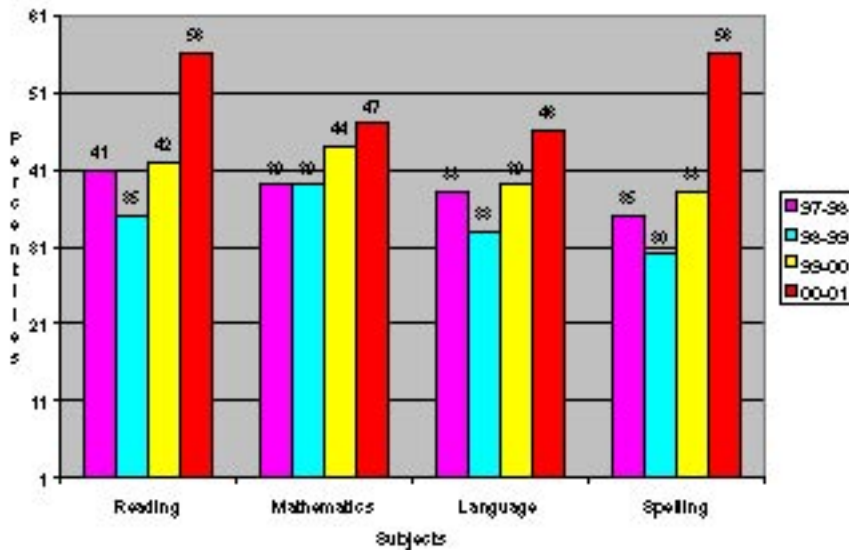
Los Angeles Unified School District is pleased to receive the draft findings of this audit for review. LAUSD has taken aggressive actions to provide high quality educational programs to the children and adults of our community. Significant restructuring of the lines of authority within the District through the eleven Local District Superintendents has brought local school accountability to a reality. At all staff levels, the focus on the development of literacy skills is apparent. As a result, positive and energetic change is taking place. The findings in this audit confirm that, while LAUSD has to continue to improve, progress is being made. The Audit Team from the State Bureau of Audits is to be commended for the thorough and thoughtful analysis done on the information that was collected during their visits.

LAUSD has taken a leadership role in the selection of textbook materials to be used in the core subject areas. Expert teachers from the eleven Local Districts and administrators further evaluate selections from the state adoption list to assure that the materials meet the needs of the Los Angeles student population. A limited selection of titles are offered for selection at the Local District level with Local Districts selecting one title for implementation in their schools. This effort has led to a standardization of reading and mathematics instruction in addition to providing for a tailored district-wide staff development program directly related to the textbook materials being used in classrooms.

LAUSD points out the following items as indications of the strategic approach that it has taken toward the overall improvement of academic achievement for all the students in the many communities served by the LAUSD:

- The District has implemented State adopted, standards-based reading material in K – 5 and mathematics programs with standards-based, State adopted material in K – Algebra, throughout the District.
- The District has developed a comprehensive *Secondary Literacy Plan* that will be implemented effective July 1, 2002 to ensure instructional improvement and improved academic achievement in the District’s secondary schools.
- The *Los Angeles Unified School District Reading Plan* and *Comprehensive Mathematics Plan* have as their goal to provide all students with access to core, state-adopted instructional materials in reading and mathematics. The District’s focus for the past three years has been on improving instruction in these two core curricular areas.

- The *District Reading Plan* and *Comprehensive Mathematics Plan* require that all students have access to reading and mathematics textbooks.
- *The District Reading Plan* requires all low-performing elementary schools in the District to adopt research-based reading programs.
- First grade Stanford 9 assessment data reflect the progress that the District is beginning to see through these focused efforts:



- With the recent State adoption of new reading and language arts materials, almost all schools in LAUSD will be using the *Open Court Reading* program.
- 87% of high and low performing schools use current texts.
- The recently adopted *Los Angeles Unified School District Secondary Literacy Plan* includes funding and resources to purchase new core reading language arts materials.
- The District has purchased and will implement in 2002-03, for students in grades 6 – 9 who are identified as *at risk*, the State adopted *Language!* program.
- District information indicates that the only shortage of texts or use of outdated texts at the elementary school level is in the area of history/social science and science. The District has focused its instructional improvement effort over the course of the past three years on improving reading and mathematics teaching and learning. Consistent with the frameworks, the State Board of Education, adopted instructional materials for elementary reading and language that embed history/social science and science standards in the reading program.
- The District uses a thematic approach that incorporates history/social science and science concepts with the content of reading instruction.
- Elementary schools have all been provided with LAUSD developed documents that provide a correlation of the State content standards in history/social science and science with the units in the *Open Court Reading* program.

- LAUSD is recognized in the audit as having made significant progress in the implementation of technology in the classrooms of the District.
- Within the past three years, low performing schools have increased access to technology at a rate that now slightly surpasses that of high performing schools.

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## Chapter 1

“Textbook Quality and Quantity Appear to Affect Student Performance Less Than Other Factors”

**Recommendation:** *“Enforce its existing policy requiring that each student have a textbook in the core subjects for use in the classroom and at home.”*

**Response:**

LAUSD has been proactive in the dissemination of this policy and believes that administrators’ at all educational levels know the policy. By targeting textbook purchases specific attention has been paid to this issue. Corrective actions will be taken to assure that as future subject area adoptions are made, District schools will provide a text for each student in the core subject areas to use in class and at home. Continuous reminders are provided in all memorandums issued regarding textbook purchases.

Local District Superintendents are charged with the responsibility of oversight of the instructional program. Local schools must certify to the Local District Superintendent that they have provided a textbook in each core subject to each student for in class and home use. Local District Superintendents will hold principals accountable for this certification and compliance with the District’s textbook policies. Local District Directors of Instruction and reading/math coach coordinators will be tasked to follow up at the local school sites to ensure that textbooks are available to teachers and students. Accountability standards will be in place by September 30, 2002.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Require schools to certify annually that each student has, or will have prior to the end of that fiscal year, sufficient textbooks or instructional materials, or both, in each subject area that are consistent with the content and cycles of the curriculum framework adopted by the state board.”*



**Response:**

LAUSD has been consistent in certifying as appropriate. However, LAUSD's interpretation has been that the certification is to be consistent with the state adoption cycles related to the frameworks. The Audit team has pointed out that their interpretation and that of the State Department of Education is that each year the local education agency must certify in all subject areas. To the knowledge of LAUSD staff, the State Department of Education has never provided guidelines or samples of resolutions to school districts stating or clarifying this interpretation of the certification requirement. The Director of the Curriculum Instruction and Framework Resources Unit of the State Department of Education confirmed that the state has not provided guidance in the implementation of this Education Code provision. Additionally, supplemental state funding for textbooks (AB 2519 Schiff-Bustamonte) is limited to English/Language Arts, mathematics, science, and history/social science. Therefore, expenditures in any other area would be illegal. Required funding in other areas would be a state mandate and should be funded as such.

Los Angeles Unified School District has made significant progress in the supply of textbooks and instructional materials for teachers and students. Mathematics K-Algebra 1, English/Reading/Language Arts, Science (at the middle school level), ESL, and Secondary Reading/Language Arts have been fully funded and have been or will be certified as such. However, shortages do exist in other subject areas. The District has planned for this to be remedied by the targeting of textbook purchases over the next three-year period. Additionally, a process has been put into place for teachers to directly report textbook shortages to their principal and/or Local District administrative office. All Local District Offices have been resourced to secure the needed textbooks. Teacher reported shortages are mitigated within a specific time period. This process was negotiated with the teacher's collective bargaining unit.

LAUSD will restructure its certification process as recommended during the 2002-2003 school year.

**LAUSD agrees with this recommendation.**

**Recommendation:** *"Consider adopting a student to computer ratio of five to one."*

**Response:**

LAUSD's Board of Education adopted Instructional Technology Plan lays out the foundation for computer access in every classroom. The current six to one ratio that is in place has proven to meet the need in schools. Additional computers require additional infrastructure enhancements in room size, electrical supply, and maintenance. It is LAUSD's intent to meet the six to one ratios in all schools before June 30, 2003. Currently, at the senior high school level a 4.2:1 computer ratio exists. It is the belief of LAUSD that the six to one ratios meet any and all compliance requirements. To increase the ratio by one computer would require an additional 25,000 computers costing approximately \$37.5 million. Resources are not available for the purchase or support of

the additional 25,000 computers recommended. Additionally, LAUSD staff is unaware of any empirical evidence that supports the premise that a five to one student to computer ratio is educationally more significant than a six to one student to computer ratio.

LAUSD does not plan to modify its target goal of a six to one ratio of students to computers.

**LAUSD does not agree with this recommendation.**

**Recommendation:** *“To increase the number of teachers who possess a basic credential in its low performing schools, LAUSD should continue with its current recruitment and retention efforts and expand these efforts to include all financial incentives offered by the state or federal government. Further, LAUSD should review the recommendations of its evaluator and implement those that will further increase its ability to recruit and retain teachers in its low performing schools.”*

**Response:**

LAUSD is actively working to implement this recommendation. An immediate action plan for new teacher recruitment and retention has been initiated. For example, the Human Resources Division is in the process of implementing a “Fast Track” process and a “Priority Staffing Pilot” that will give priority to credentialed teachers for low performing schools. The development of a long-term plan is underway and will be presented in July of 2002 for the Board of Education’s consideration.

The Human resources Division has written a grant to expand its pre-intern program, which will increase the numbers of teachers obtaining subject matter competency, and therefore be eligible for intern and university credential programs. Staff will continue to seek grants to attract and retain credentialed teachers in low performing schools.

**LAUSD agrees with this recommendation.**

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## **Chapter 2**

“Facing Possible Reductions in Textbook Funding, the Los Angeles Unified School District Needs Stronger Controls Over Textbook Purchasing and Inventory”

**Recommendation:** *“Provide training to school accounting staff to ensure that they are aware of the proper accounting for textbook funds.”*

**Response:**

LAUSD Budget Services and Financial Planning Division in cooperation with Textbook Services and Local District Business Managers will plan and execute training to assure that all staff is aware of the proper accounting for textbook funds. Training will take place by September 30, 2002.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Conduct periodic monitoring of the use of state restricted textbook and instructional materials funds to ensure the uses are appropriate.”*

**Response:**

LAUSD, with limited staffing, currently tests a small sample of Purchase Orders and when inappropriate expenditures are found notifications are sent to the Local District Superintendent for correction. Charges for inappropriate materials are moved to allowable sources. LAUSD will broaden the test to include a larger number of schools on a rotating basis if staffing resources can be secured. The implementation of the eleven Local District structure in LAUSD has provided direct oversight in the purchasing of textbooks and other instructional materials. Local District Business Managers will be charged with the responsibility of monitoring the use of state restricted textbook funds to ensure appropriate use. Training will be provided for each Local District and a periodic review schedule will be established. Local District accountabilities will also be established for the appropriate expenditure of state textbook funding.

Training will take place by September 30, 2002 and quarterly reviews will begin by October 1, 2002. An accountability plan will be in place by October 1, 2002.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Ensure that school and local district staff involved in purchasing textbooks and other instructional materials are aware of the most-favored-nations clause and have access to current publisher price and gratis item listings when placing orders.”*

**Response:**

LAUSD has published price list and order forms that reflect gratis materials. All future correspondence on the subject of textbook ordering will contain language reflective of the most-favored-nations clause. Additionally, LAUSD Textbook Services will conduct training to inform all Local District staff of the most-favored-nations clause. School site principals will be responsible for certifying to the Local District Superintendent that their school has ordered and received the free materials as defined on the “Price Lists and Order Forms” produced by LAUSD. Training and certification will be completed by January 15, 2003.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Modify its accounting system to include ISBN numbers.”*

**Response:**

Changing LAUSD’s existing accounting system to include ISBNs would be both complicated and costly. Additionally, LAUSD staff believes that the inclusion of the ISBN number in the ordering system will significantly slow down the ordering process and create an additional workload on the local school and Local District Offices. Currently the procedure of attaching the order form to the Purchase Order facilitates the ordering process. The District is looking at replacement modules for procurement and payment systems. LAUSD will consider adding this capability to new financial systems as they are evaluated.

**LAUSD disagrees with this recommendation.**

**Recommendation:** *“Collect damages from publishers identified in our report for non-compliance with the most-favored-nations clause.”*

**Response:**

LAUSD has begun the process with the identified publishers to recoup shortages and to collect damages from the identified vendors. The Office of General Counsel is assisting in the effort. District staff has made initial contacts and the publishers have been responsive. This process will be implemented in the future with all publishers that do not adhere to the most-favored-nations clause.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Conduct periodic monitoring of the prices and the gratis items publishers offer schools for similar purchases and pursue cost recovery for any exceptions found.”*

**Response:**

LAUSD is not staffed to collect information from other school districts regarding the cost of textbooks and the provision of free materials. LAUSD believes that this is a state function. The State Department of Education should publish this information so that local education agencies can follow up at the local school level and secure damages from those publishers who do not comply with the most-favored-nations clause within their district.

LAUSD will implement to the extent that information is available.

**LAUSD does not agree with this recommendation.**

**Recommendation:** *“Work with the department to identify and remove any other obstacles that prevent it from monitoring the most-favored-nations clause.”*

**Response:**

LAUSD will work with the department to suggest policies that should be implemented statewide.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“To improve its textbook purchasing process and ensure equitable publisher treatment, LAUSD should consider centralizing its textbook purchasing function at LAUSD or the local district.”*

**Response:**

LAUSD has begun the process of the eleven Local Districts purchasing core subject area textbooks. The process that has been developed has been successful. Local District Offices have taken an active oversight role in the purchasing process by meeting with each school to determine purchasing plans, funding requirements, and placing of orders. Greater emphasis will be placed on the receipt of free materials under the most-favored-nations clause in the future.

LAUSD will expand this effort within the constraints of budget and staffing requirements. Full implementation will be completed by June 30, 2003.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“To improve its textbook inventory system and to comply with the state law requiring it to publish lists of texts used in its schools, LAUSD should proceed with its plans to develop a centralized textbook inventory system. The system should include all texts and other instructional materials at each school and include ongoing standardized training and both implementation and technical support.”*

**Response:**

LAUSD has proceeded to move forward with the central collection of textbook information from the local school site. Efforts will be expanded to insure schools, which currently do not use the system, implement it as soon as possible. A web-based central collection system has been put into place and schools are now beginning to upload textbook information. Additionally, the new student information systems under consideration for implementation have textbook inventory modules available. Within the next five years, the textbook inventory functions will become part of the enterprise-wide student information system.

Staffing and operating budget constraints may limit the speed and the extent to which training and support can be provided.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“Make sure that schools and local district staff are aware of and complying with its student accountability policy for lost or damaged textbooks, including the maintenance of an accounting or inventory system that clearly identifies the student and the type of school property issued to the student.”*

**Response:**

LAUSD will work with Local Districts and schools to insure the implementation of this policy. LAUSD will suggest to the State language to be considered for legislation that will strengthen policy related to the repayment to schools for lost or damaged textbooks and instructional materials. Additionally, Local District Directors of Instruction will be tasked with the accountability for schools to track losses, hold students accountable for losses, and the implementation of the textbook inventory system that currently exists.

**LAUSD agrees with this recommendation.**

**Recommendation:** *“To strengthen its conflict-of-interest and disclosure code, the LAUSD should do the following:*

- *Revise the code to include principals and textbook committee members in its list of designated positions.*
- *Continue its plan to review other district and school positions for inclusion in the code as designated positions.”*

**Response:**

LAUSD's conflict-of-interest and disclosure code is under revision at this time. This recommendation will be included in the development of the revised code.

**LAUSD agrees with this recommendation.**

# COMMENTS

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## ***California State Auditor’s Comments on the Response From the Los Angeles Unified School District***

To provide clarity and perspective, we are commenting on the Los Angeles Unified School District’s (LAUSD) response to our audit report. The numbers below correspond to the numbers we placed in the margins of LAUSD’s response.

- LAUSD’s assertion that our reporting manner is negative is unfounded. We believe our report accurately describes the data presented in the tables. Moreover, we are concerned that LAUSD is pleased we are reporting on pages 21, 23, and 25, that less than 100 percent of its classrooms have up-to-date or sufficient texts since its policy requires that every student must have a textbook in each core subject for use in class and at home. Finally, although LAUSD asserts that significant changes are being made and that student academic performance is improving, the data we present in Table 1 on page 12 shows that at least 80 percent of its schools were ranked in deciles 1 through 5 on the Academic Performance Index in both fiscal years 1999–2000 and 2000–01—indicating the need for significant further improvement.
- LAUSD is correct in stating that it must use the Schiff-Bustamante Standards-Based Instructional Materials Program funds to purchase instructional materials in the core subjects of language arts, mathematics, science, and history/social science that are aligned to state-adopted content standards and that these funds are supplemental. However, the Pupil Textbook and Instructional Materials Incentive Program Act requires the certification we discuss on page 26. The act clearly states that if there are insufficient textbooks or instructional materials, or both, governing boards are to take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each student has sufficient textbooks or instructional materials, or both, within a two-year period from the date of determination. Table 2 on page 13 shows that there are numerous funding sources available to LAUSD to ensure that students have sufficient textbooks and other instructional materials.



- Although LAUSD is correct that it has published price lists and order forms that reflect gratis materials, it has not consistently done so. As we point out on page 50, in February 2001, LAUSD provided its middle and high schools with a price list and order form that included gratis items available from publishers for newly adopted and approved instructional materials for certain math, science, and social science classes. However, in June 2001, LAUSD published a list of authorized instructional materials for its middle and high schools that does not include prices or indicate whether the items are free.
- It appears that LAUSD misunderstands our point. To clarify, we have modified our recommendation on page 59 to make it clear that we are recommending that LAUSD monitor the gratis items publishers offer **its** schools.
- LAUSD's assertion that a web-based central collection system has been put in place and schools are now beginning to upload textbook information requires clarification. Specifically, according to the assistant superintendent of the Instructional Technology Division, as of June 19, 2002, only 28 schools have uploaded textbook information, with the first school doing so on April 17, 2002. LAUSD plans to use this system temporarily until it implements a new student information system.

*Agency's comments provided as text only.*

California Department of Education  
721 Capitol Mall  
Sacramento, CA 95814

June 13, 2002

Elaine M. Howle\*  
State Auditor  
555 Capital Mall, Suite 300  
Sacramento, CA 95814

Audit No. 2001-124

Dear Ms. Howle,

This is the California Department of Education's (CDE) response to your draft audit report entitled "The Los Angeles Unified School District: Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance Than Other Factors, but the District Should Improve Its Management of Textbook Purchasing and Inventory."

We appreciate the opportunity to comment on the draft audit report, and for addressing our concerns regarding the clarification of the report. However, we want to reiterate the scope of statutory responsibilities and duties that CDE has vis a vis the adoption of instructional materials for Kindergarten through grade 8, and the development of curriculum frameworks for Kindergarten through grade 12. CDE emphasizes that it takes the responsibility for managing the framework and instructional materials adoptions processes very seriously, and in the past four years has facilitated the completion of five major standards-aligned adoptions and has updated five Kindergarten through grade 12 frameworks.

Our response to the report recommendations is enclosed. However, we could not provide detailed corrective actions to the recommendations due to the fact that the report contained redactions, and as a result, we could not identify the specific issues or findings, or the causes of the issues or findings. We will be able to provide more information in the status follow-up reports, after the entire report is reviewed. In addition, the report recommendations are based on implementing changes for Kindergarten through grade 12, while CDE only has statutory authorization for Kindergarten through grade 8. This is also reflected in our corrective actions.

Enclosed is the corrective action plan to implement each of your audit recommendations. If you have any questions about the corrective actions taken by CDE or the information in our response, please contact Glenn Ostapeck, at (916) 322-2288.

Sincerely,

*(Signed by: Scott Hill)*

SCOTT HILL  
Chief Deputy Superintendent of Public Instruction  
Enclosure

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\* California State Auditor's comment appears on page 89.

## DEPARTMENT OF EDUCATION

### ACTIONS TAKEN TO IMPLEMENT RECOMMENDATIONS ON THE BUREAU OF STATE AUDITS REPORT NUMBER 2001-124

*The Los Angeles Unified School District: Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance than Other Factors, but the District Should Improve Its Management of Textbook Purchasing and Inventory*

**Recommendation 1** - Modify its regulations to require publishers and manufacturers to report, at a minimum, all offers of free instructional materials for Kindergarten through grade 12, within 30 working days of the effective date of the offer. Further, it should maintain a comprehensive Web site that contains this information and require publishers to report to it in a standard electronic format.

California Department of Education's (CDE) Response:

Publishers of Kindergarten through grade 8 instructional materials already report all offers of free instructional materials to the state within 30 working days. This is a regulatory requirement contained under Chapter 9 of the California Code of Regulations Title 5 Subchapter 1 - Elementary Instructional Materials. There are no regulatory requirements guiding grades 9 through 12 adoptions as these are conducted by grades 9 through 12 local governing boards. Unless statutes and regulations are changed, CDE does not have the authority to require publishers and manufacturers to report all gratis offerings for grades 9 through 12.

In addition, publishers listed on the Legal and Social Compliance list for Kindergarten through grade 8 are not required to provide gratis item information to CDE. Legal and Social Compliance reviews for grades 9 through 12 are conducted at the local level, not the state level. Over 400,000 titles are maintained by CDE of legally compliant Kindergarten through grade 8 instructional materials. Most of these titles are considered supplemental and are not reviewed for alignment to state content standards. Only the comprehensive Kindergarten through grade 8 basic programs are reviewed. Kindergarten through grade 8 basic programs are defined as a program meeting a full year course of study.

All districts receive copies of the State Board adoption lists, the State Board adoption reports, the formal state pricelists and order forms, gratis information as it pertains to the teacher/student editions and resource packages, and information on any new editions or revisions to editions. In addition, CDE sends two comprehensive annual information updates to all local education agencies which contains a reminder regarding the roles and responsibilities of publishers and local education agencies. This includes the right of local education agencies to assess and collect three times the total value of the instructional materials and services that the governing board is entitled to receive free of charge under subdivision (a) of Education Code section 60061 if a publisher is in violation of this provision.

Currently, local education agencies can obtain Kindergarten through grade 8 gratis item information from CDE, or from the purchase list for the teacher editions and resource packages. By law publishers must disclose all approved gratis items to the purchaser. For Kindergarten through grade 8, we are currently updating our website to include all gratis lists items and changes to gratis items, for the four core standards aligned adoptions. We will also be including all gratis items for other subjects in Kindergarten through grade 8 including health, foreign language and visual and performing arts when those adoptions are complete in 2004 and 2005.

It should be noted that CDE workload in the area of aligning all Kindergarten through grade 8 instructional materials and Kindergarten through grade 12 curriculum frameworks to new state standards in every core subject has overwhelmed the capacity of the division overseeing this work. We have completed the five Kindergarten through grade 8 standards-aligned adoptions and the updates on the Kindergarten through grade 12 frameworks in just four years. We will continue to improve communications with the school districts on the availability of gratis items. We will evaluate the feasibility, cost implications to the state, statutory and regulatory implications, and workload and staffing needs for CDE to pursue a more proactive monitoring of publisher gratis items offered in California. This evaluation will involve CDE's legal office, the State Board of Education, local school boards and districts, and the publishing industry to assess the ability to monitor and recover funds from non-compliant publishers.

**Recommendation 2** - Establish a hotline to receive complaints regarding unfair treatment and instruct school districts to contact the hotline if they receive textbook prices or free materials that differ from its Web site.

CDE's Response:

For Kindergarten through grade 8, CDE currently receives and immediately investigates all complaints received from local education agencies, the public, and publisher competitors. However, the Education Code does not provide CDE with an evaluation responsibility or monitoring role for grades 9 through 12.

We will evaluate the feasibility, statutory and regulatory implications, cost implications, workload and staffing needs for CDE to pursue establishing a hotline versus the cost of local education agencies using our regular state phone lines. We will review the entire Bureau of State Audits report to determine the cost-benefit of spending additional funds to establish a hotline in comparison to making our normal telephone numbers available to school districts as a complaint telephone line.

**Recommendation 3** - When necessary, pursue cost recovery for any violations of the most-favored nations clause.

CDE's Response:

CDE reminds all Kindergarten through grade 12 districts of their legal rights under the California Education Code twice a year in an informational update sent to all school districts, county offices of education, charter schools, and the 24 Learning Resource Display Centers in the state. CDE investigates all complaints of the withholding of gratis items from a district purchase and immediately notifies the district again of their rights under the law to collect damages independent from the state. CDE has notified the State Board of Education when necessary, of egregious violations by a publishing company.

We will post on our website information on how to verify gratis items for Kindergarten through grade 8 adopted programs, and how to file a complaint with CDE if a publisher is not in compliance with the most favored nations clause. We will evaluate the feasibility, and workload and staffing needs for CDE to pursue cost recovery for any violations; and pursue this issue with our legal office and the State Board of Education's legal counsel.

**Recommendation 4** - Work with school districts to identify and remove any other obstacles that prevent them from effectively monitoring the most-favored-nations clause.

CDE's Response:

We will develop a strategy and a workgroup this next year to include representatives from local education agencies to identify and develop recommendations that ensure local education agencies can effectively monitor their local sales transactions to ensure that publishers do not violate the most-favored-nations clause. We will also assess the workload and staffing requirements for CDE to work with local education agencies on a consistent basis.

# COMMENTS

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## ***California State Auditor's Comment on the Response From the California Department of Education***

To provide clarity and perspective, we are commenting on the California Department of Education's (department) response to our audit report. The number below corresponds to the number we placed in the margin of the department's response.

- We modified our recommendation on page 58 to address the department's concern regarding its statutory authority. We believe the department should modify its regulations or **seek legislation if necessary** to require publishers and manufacturers to report, at a minimum, all offers of free instructional materials for Kindergarten through grade 12 within 30 working days of the effective date of the offer.

cc: Members of the Legislature  
Office of the Lieutenant Governor  
Milton Marks Commission on California State  
Government Organization and Economy  
Department of Finance  
Attorney General  
State Controller  
State Treasurer  
Legislative Analyst  
Senate Office of Research  
California Research Bureau  
Capitol Press