

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Outdated, Scarce Textbooks at Some Schools Appear to Have a Lesser Effect on Academic Performance Than Other Factors, but the District Should Improve Its Management of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

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.*

REPORT NUMBER 2001-124, JUNE 2002

Los Angeles Unified School District's response as of September 2003 and the California Department of Education's response as of June 2003

The Joint Legislative Audit Committee (audit committee) asked the Bureau of State Audits (bureau) to determine whether Los Angeles Unified School District's (LAUSD) 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. 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, and 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 and 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.

Although our audit of 16 LAUSD schools did not reveal any significant disparities in textbook quality and quantity among high- and low-performing schools, we did find students in both types of schools using outdated textbooks and that did not have a core subject textbook available for use in the classroom and at home. Moreover, other factors, such as teacher credentialing and student transiency, appear to have a greater impact on student academic performance. We also found that LAUSD can improve its management of textbook purchasing and inventories. Specifically, we found:

Finding #1: Students do not always have sufficient textbooks.

LAUSD policy requires that each student have a textbook in the core subjects for use in the classroom and at home. 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. 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.

We recommended that to make sure that each student has the best opportunity to achieve academically, LAUSD enforce its existing policy.

LAUSD Action: Corrective action taken.

LAUSD reports that a checklist has been developed and that it is being used by textbook services staff to review the status of school sites in relation to the number of textbooks available. LAUSD assigned staff to ensure each school remains current with the policy of a textbook for each student in the core subject area.

Finding #2: LAUSD is not fully complying with state law requiring school districts to annually certify that students have sufficient textbooks and/or instructional materials.

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 of Education (state board). However, LAUSD's fiscal year 2000–01 certification was incomplete because LAUSD does not require its schools to certify for each subject adopted by the state board. Rather LAUSD has only required its schools to certify that they have sufficient textbooks in subjects that are consistent with the state board's most recent adoption cycle. Until it requires schools to certify in accordance with state law, LAUSD will be out of compliance with the law and will be unable to ensure that its students have sufficient textbooks.

We recommended that LAUSD require its 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 standards of the curriculum framework adopted by the state board.

LAUSD Action: Corrective action taken.

LAUSD provided evidence indicating that new procedures are in place that requires all schools to certify that they have sufficient materials in all subject areas falling under the content and curriculum frameworks adopted by the State. LAUSD's certifications began in April 2003.

Finding #3: LAUSD's goal of a six to one student-to-computer ratio is inconsistent with its consultant's recommendation and best practices.

In May 2000, LAUSD adopted 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 Officer Forum on Education Technology also indicates that a reasonable goal for the number of students per instructional computer is five or less.

We recommended that LAUSD consider adopting a student-to-computer ratio of five to one.



LAUSD Action: None.

LAUSD stated that it has no plans to move toward a student-to-computer ratio of 5-to-1, but does plan to continue to move toward a 6-to-1 ratio.

Finding #4: LAUSD’s low-performing schools have fewer teachers that possess a basic teaching credential than high-performing schools.

Our analysis of LAUSD data for about 560 elementary, middle, and high schools for 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. 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 Academic Performance Index rank-1 schools and (2) issue recruitment and retention grants to the local districts so that they can tailor their efforts to local conditions. LAUSD also plans to contract with an external evaluator to measure the effectiveness of its efforts in recruiting and retaining credentialed teachers in LAUSD’s low-performing schools using data collected over a three-year period.

We recommended that to increase the number of teachers who possess basic credentials in its low-performing schools, LAUSD 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.

LAUSD Action: Partial corrective action taken.

LAUSD reported that in October 2002 it implemented a fast track process for considering credentialed teacher applications and created a new on-line teacher application. LAUSD also stated that it developed a Teacher Quality Strategic Plan, which was approved in concept by the Los Angeles City Board of Education in March 2003 and is being implemented. LAUSD stated that it held a summit on February 21, 2003, so that it can continue to work with universities and colleges to increase the number of credentialed teachers assigned to LAUSD. Moreover, LAUSD reported that through its ongoing efforts to expand the number of teacher recruits from Teach for America and the New Teacher Project (NTP), it has increased the number of NTP teachers to 750 for fiscal year 2003–04. Finally, LAUSD reported that in March 2002 two external evaluators made recommendations on ways to improve its human resource and recruitment practices; however, LAUSD did not provide specifics on its intent to implement these recommendations.

Finding #5: LAUSD does not always spend restricted textbook funds appropriately.

LAUSD allocated a total of \$92 million in restricted Instructional Materials Fund (IMF) and Schiff-Bustamante Standards-Based Instructional Materials Program (Schiff-Bustamante) funds in fiscal year 2000–01 to its elementary, middle, and high schools. According to LAUSD accounting records, schools inappropriately spent \$16.2 million of these funds to purchase other books that are not part of the core curriculum, such as library books or test preparation workbooks and instructional materials. Further, our review of a sample of eight invoices found that school staff are not always using the correct accounting codes, which suggests that LAUSD cannot ensure that funds designated for purchasing textbooks are spent appropriately.

We recommended that LAUSD provide training to school accounting staff to ensure that they are aware of the proper accounting for textbook funds and conduct periodic monitoring of the use of state-restricted textbook and IMFs to ensure the uses are appropriate.

LAUSD Action: Corrective action taken.

LAUSD stated that it has provided training to the Local District Business Managers on the accounting for and use of state textbook funding and that these managers will conduct periodic reviews of textbook purchases. Additionally, they are working with local school site staff to ensure compliance with appropriate expenditure guidelines. Further, LAUSD will send letters to publishers regarding its procurement procedures, has listed terms and conditions on its purchase orders, and has linked commodity codes to textbooks so that purchases are stopped during the ordering process if inappropriate materials are being ordered.

Finding #6: Publishers of textbooks and instructional materials are not treating all schools fairly.

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.” Some publishers are not equitably providing free instructional materials (commonly referred to as gratis items) to different schools within LAUSD, as state law requires. For example, during a review of only 15 invoices, we found two cases where schools did not receive the same gratis items from the same publisher for the same textbooks. In total, we found that four schools were shortchanged gratis items worth more than \$60,000. 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.

To ensure that publishers are treating all California schools equitably, we recommended that the department 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. The department should also maintain a comprehensive Web site that contains this information and require publishers to report to the department in a standard electronic format. Further, the department should 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 those posted on the department's Web site. Finally, when necessary, the department should pursue cost recovery for any violations of the most-favored-nations clause and 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, we recommended that LAUSD ensure that school and local district staff involved in purchasing textbooks and other instructional materials are aware of the state law that requires publishers to treat schools equitably and have access to current publisher price and gratis item lists when placing orders. In addition, LAUSD should modify its accounting system to include standard book numbers and should collect damages from the publishers identified in our report for noncompliance with the most-favored-nations clause. Moreover, LAUSD should conduct periodic monitoring of the prices and gratis items publishers offer its schools for similar purchases and pursue cost recovery for any exceptions found. Finally, LAUSD should work with the department to identify and remove any other obstacles that prevent it from effectively monitoring the most-favored-nations clause.

LAUSD Action: Partial corrective action taken.

LAUSD reported that it has taken several steps to increase awareness of the most-favored-nations clause. For example, it has provided training to Local District Business Managers, revised its price lists and order forms, and sent letters to publishers requiring them to provide current information to schools at the time of order. LAUSD also reported that it will consider including ISBN numbers during the development of its new financial systems that it plans to implement over the next five years. LAUSD negotiations with publishers identified in our report are continuing and thus far it has identified \$1.8 million in gratis items discrepancies to schools. LAUSD reports that its Textbook Services Office, with the support of its general counsel and the department, are pursuing all exceptions found for cost recovery. LAUSD reported that it is participating in the department's Instructional Material Advisory Group on free and gratis items and is reporting violations to the State. To monitor publisher compliance with the most-favored-nations clause, LAUSD is implementing a process to periodically review a random sample of invoices.

Department Action: Partial corrective action taken.

Although the department did not address modifying its regulations or seeking legislation, it did report that it will continue to include a publishers' web link requirement in the Publishers' Invitations to Submit for future Kindergarten through grade eight adoptions. Due to reductions in its budget, the department stated that it has chosen to develop a complaint procedure form and place the form on its Web site instead of establishing a hotline. Further, the department stated that it plans to work with the state board to develop the appropriate legislation and administrative regulations to pursue cost recovery for any violations of the most-favored-nations clause. Finally, the department reported that it meets periodically with representatives of the Learning Resources Display Centers and has discussed the topic of improving information on gratis items. The department also stated that as no-cost improvements are identified and agreed to in these meetings they will be implemented.

Finding #7: 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.

We recommended that LAUSD consider centralizing its textbook-purchasing function at LAUSD or the local district level.

LAUSD Action: Corrective action taken.

In lieu of our recommendation, LAUSD stated that it has implemented new policies and procedures for ordering textbooks. Its Local District Purchasing Services Coordinators will oversee purchasing and ensure equitable treatment from publishers on gratis items. The coordinators will also track the timely delivery of shipments by publishers and the timely receipt of textbooks by schools.

Finding #8: LAUSD’s textbook inventory system is not fully implemented.

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. Despite LAUSD’s considerable cost and effort to help schools implement the inventory system, we found that the system is not widely used. Ensuring that schools implement the system would enable LAUSD to monitor and account for its textbooks adequately so that each student has a textbook for all subjects. LAUSD would also be able to begin complying with a state law requiring it to publicly report information regarding the quality and currency of textbooks and instructional materials so that parents can make meaningful comparisons between public schools before enrolling their children. 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.

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.

LAUSD Action: Partial corrective action taken.

LAUSD told us that it is proceeding with the implementation of a centralized inventory system and that three additional staff have been assigned to aid these efforts. LAUSD stated that the inventory system is being supported in the senior and middle schools. In addition, a temporary web-based central inventory system is in place and is being populated with inventory data until its new student information system, which will include textbook inventory data, is put in place.

Finding #9: LAUSD can improve the way it holds students and parents accountable for lost or damaged textbooks.

LAUSD’s 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. In addition, during our testing of 16 schools, we found

varying degrees of compliance with LAUSD's policy for student accountability. Consequently, schools may not be recovering as many textbooks or as much money as they could.

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.

LAUSD Action: Pending.

LAUSD reported that it is developing an accountability process to reduce textbook loss and damage rates. LAUSD will provide its local district staff with training and will then work with schools on this issue. Baseline loss rates have been determined so that it can measure progress at the middle and senior high schools each spring.

Finding #10: 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 to 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. LAUSD's ethics officer told us that he expects to submit the most recently proposed revisions to the disclosure code for approval by the end of June 2002, which will include adding principals to the designated employee list. 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. By strengthening its code, LAUSD can further reduce the risk of bias or the appearance of impropriety in the textbook adoption and purchasing process.

We recommended that LAUSD revise its conflict-of-interest and disclosure code to include principals and textbook evaluation committee members in its list of designated positions. In addition, LAUSD should continue its plan to review other district and school positions for inclusion in the code as designated positions.

LAUSD Action: Partial corrective action taken.

On October 21, 2003, the Los Angeles County Board of Supervisors approved revisions to LAUSD's conflict of interest and disclosure code (code). LAUSD made revisions to its code to add, delete, and change the titles of numerous positions due to organizational changes since its last revision. The LAUSD also created a new disclosure category for positions involved in employee relations. Our review of the code found that although LAUSD did include principals in its list of designated positions, it did not include textbook committee members.

