

Los Angeles Unified School District

It Has Increased Administrative Positions for Various Reasons and Although Making Progress, Its Performance Evaluation and Salary-Setting Procedures for Managers Still Need Improvement

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Los Angeles Unified School District's response as of October 2007

The Joint Legislative Audit Committee (audit committee) asked the Bureau of State Audits (bureau) to evaluate the cost and position reductions resulting from the Los Angeles Unified School District's (LAUSD) 2000 and 2004 reorganizations. Also, the audit committee asked us to determine if community and parent access and participation had increased as a result of the 2000 reorganization. Further, we were asked to determine whether LAUSD periodically evaluates its administrative organization and whether it uses performance measures to evaluate staff. In addition, we were asked to analyze its salary-setting practices and determine whether high-level executive and administrative salaries continue to differ from similar positions in other school districts. Finally, the audit committee asked us to determine the extent to which LAUSD implemented recommendations from our July 2001 audit. In doing so, we noted the following findings:

Finding #1: LAUSD did not achieve lasting reductions in support services positions proposed in its 2000 and 2004 reorganizations, and has not adequately tracked their impact.

Support services employees are those that do not interact directly with students but rather provide administrative and operational support for LAUSD. In 2000 LAUSD proposed to cut 835 support services positions at its central office, including shifting 501 of these positions to regional offices and schools. However, it cut only 664 positions, almost all of which were shifted to regional offices. In contrast, the 2004 reorganization plan proposed cutting 205 support positions but LAUSD actually cut 231 such positions. These staffing reductions were temporary because by December 2005 support services staffing had increased to levels that exceeded those existing prior to the 2000 reorganization. LAUSD indicates that many of these additional employees were needed to manage its school construction and information services efforts. We also noted that the salaries and benefits costs of LAUSD's support services positions increased at a faster rate than those same costs for the school services group—employees that are located at school sites—between fiscal years 1999–2000 and 2004–05.

When the LAUSD Board of Education (board of education) adopted the 2000 reorganization plan, it required the district to perform some follow-up studies. Although LAUSD has updated the board of education on changes to its administrative structure since the reorganization, it has not reported the financial changes resulting from the reorganization as the board has requested.

Audit Highlights . . .

Our review of the Los Angeles Unified School District's (LAUSD) reorganizations and its procedures for evaluating performance and setting salaries for managers found that:

- » *Both the 2000 and 2004 reorganizations achieved staffing reductions, but by December 2005 support services staffing levels had increased to levels that exceed those existing before the 2000 reorganization, which LAUSD attributed to the need for additional employees to manage school construction and information services efforts.*
- » *Only four of the eight local district Parent/Community Advisory Councils (advisory councils) created by the 2000 reorganization plan are still operating, and LAUSD has not attempted to measure parent satisfaction with the remaining advisory councils.*
- » *Although LAUSD has established measurable benchmarks and goals for the superintendent, it has not replicated this practice with other managers responsible for improving student achievement.*
- » *LAUSD has addressed many of the concerns over the salary-setting practices that we noted in a July 2001 audit, but its Personnel Commission still does not have written procedures for determining salaries or appropriate documentation to support salary-setting recommendations for classified managers and executives.*

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» *Based on our survey of four of the nation's largest school districts, LAUSD's salaries are higher than those of comparable positions for more than half of the 27 high-level positions surveyed, but there may be factors that justify such differences.*

We recommended that when LAUSD makes major changes in its organizational structure with the intent of improving its operations, it consider ways to track the impact of these organizational changes on such factors as staffing and cost.

LAUSD's Action: Partial corrective action taken.

LAUSD previously indicated that its ability to more closely monitor organizational staffing changes would be greatly enhanced with the implementation of a new enterprise resource planning system called Business Tools for Schools. This system was to be implemented in three phases starting in July 2006. LAUSD states that implementation of the first phase had few problems, but that the second phase, which included human resources functions, has suffered many challenges after it was rolled out in January 2007. These challenges included payroll errors ranging from employees receiving no pay to receiving large overpayments. As a result, LAUSD decided to delay implementing the third phase until it resolves these problems.

LAUSD reports taking other steps to improve its ability to track the impact of organizational changes on its operations. In February 2007 the school board adopted a resolution requiring each division to use program effectiveness data to make decisions on resources allocations for the 2007–08 school year. Further, starting with the 2008–09 school year, LAUSD began preparing the budget earlier so that it could use data demonstrating program effectiveness in its budget decisions. Finally, LAUSD indicates the school board adopted a resolution in July 2007 requiring LAUSD to deliver a performance measurement plan to the board in late 2007. This plan is to provide measures to determine program and system effectiveness in both instructional and non-instructional areas. LAUSD reports creating a new division that will be responsible for establishing a system-wide performance measurement and accountability system.

Finding #2: LAUSD did not fully develop the six performance metrics it had proposed when expanding its legal staff in 2001.

LAUSD expanded its legal services staff in 2001 to improve the quality of legal services it receives. It proposed to evaluate this expansion through six performance metrics. Although LAUSD tracks data related to the metrics, it did not fully develop them by setting quantifiable goals and measuring itself against those goals. Without establishing such goals and targets, LAUSD lacks an objective way to determine which goals it is meeting and which ones it is not, which will aid in reevaluating its operations.

We recommended that LAUSD develop performance metrics with goals and quantifiable benchmarks to evaluate itself on its progress in achieving planned improvements.

LAUSD's Action: Corrective action taken.

LAUSD states that beginning in fiscal year 2006–07 it developed performance objectives relating to each of the six performance measures included in its legal reorganization plan. Each of the performance objectives establishes specific and measurable goals, which, if properly monitored, should allow LAUSD to measure whether it is making progress against the six performance measures.

Finding #3: Parent/Community Advisory Councils (advisory councils) are not serving the purpose that the 2000 reorganization plan intended.

The 2000 reorganization plan created advisory councils at each local district to provide parents and community members with access to local district administrators and the ability to provide feedback on district policy. However, only four of the eight local districts currently have active advisory councils and only two are functioning as the plan intended. The remaining two serve to receive information from district administrators. Additionally, LAUSD has not attempted to measure the impact that the advisory councils may have on access to district administrators and the policy-making process.

If LAUSD decides to continue with the advisory councils, we recommended that it evaluate why advisory councils have not met the objectives in the 2000 reorganization plan, develop more specific guidelines on what they should accomplish, define the local districts' roles, and develop a mechanism to monitor and oversee them.

LAUSD's Action: Pending.

LAUSD indicates it has decided to continue using advisory councils. It is reviewing and developing, as needed, additional guidance on the composition and purpose of the councils and the local districts' role in assisting and monitoring the councils.

Finding #4: LAUSD has not established performance benchmarks or maintained performance evaluations for the majority of its executive managers.

The board of education has established specific, easily measurable goals for the superintendent, but the superintendent has not replicated this practice with LAUSD's local district superintendents or other executive managers. A January 2006 review of LAUSD by a peer group of other school administrators—the Council of the Great City Schools—also found little evidence that district staff were evaluated explicitly on their ability to attain specific goals and benchmarks or faced consequences for failing to meet performance goals. As a result, LAUSD may not be able to assess the performance of certain executive managers effectively because it has not established specific and measurable performance standards.

Further, of the 28 evaluations for executive managers we requested, LAUSD was able to provide performance measures only for the superintendent, and evaluations for two key administrators. LAUSD indicates that some performance evaluations were not available because the superintendent does not perform written evaluations and others were unavailable because the records could not be located or had been destroyed. Performance evaluations can be useful tools to measure and direct the progress of LAUSD's efforts to improve student outcomes. Without copies of evaluations to draw on, LAUSD may limit its ability to track and hold executive managers accountable for their performance over time.

To measure the effectiveness of executive managers, we recommended that LAUSD establish specific, measurable, and reasonable goals for these administrators that are aligned with the district's goals and hold them accountable for their performance. When establishing these goals, LAUSD should do so in conjunction with implementing the January 2006 peer group's recommendations. We also recommended that LAUSD evaluate key administrators in writing based on their ability to meet their goals, and ensure that it retains these written evaluations for a reasonable time period.

LAUSD's Action: Partial corrective action taken.

In line with the peer group's recommendations, LAUSD reports developing draft performance objectives and measures aligned with its mission and the superintendent's goals for eight central office senior instructional managers and senior-level instructional positions at each of the local districts. In addition, LAUSD indicates that in January 2007 it began placing interim performance measures into each senior management contract submitted to the school board for ratification. As part of the process to establish a performance measurement system, LAUSD anticipates that job descriptions with measurable goals for these positions will be implemented in the 2008–09 school year and that the district's evaluation process will be updated during the 2009–10 school year.

Finding #5: LAUSD's Personnel Commission does not have written procedures for setting classified employee salaries and it does not maintain complete records of its salary determination process.

Classified employees are those whose positions do not require an education-related certification. The Personnel Commission relies on several methods to set salaries for LAUSD classified employees, but it lacks written procedures for determining salaries to ensure that its staff applies these methods consistently. Further, the written guidelines it does have are vague and are not policy that staff must follow. It also lacked documentation to support the salary recommendations for 11 of the 15 salary-setting decisions we reviewed for classified administrators. The lack of comprehensive written procedures and insufficient documentation leaves the Personnel Commission vulnerable to criticism that the process it uses to set salaries lacks objectivity, thoroughness, and consistency.

We recommended that to avoid the appearance of subjectivity and lack of thoroughness, LAUSD's Personnel Commission should establish written guidelines for setting salaries and ensure that it consistently follows these processes for determining administrative compensation. It should also maintain complete records of its salary determination process, including methods and information used to support its decisions.

LAUSD's Action: Corrective action taken.

As part of an overall plan to standardize and consolidate the salary assignment process, LAUSD indicates that the Superintendent's Compensation Advisory Council, which began meeting in March 2007, now reviews salary-setting decisions for both classified and certificated positions to make recommendations to the superintendent and the Personnel Commission. It notes that all reports presented to the council and the Personnel Commission use a standard format. Also, LAUSD indicates that the Personnel Commission has updated its guidelines for conducting salary surveys, including augmenting the criteria used for salary recommendations and documenting its methodology.

Finding #6: LAUSD has only limited documentation to support the salary levels of executive-level administrators that the superintendent and board of education determine.

The superintendent determines salaries for executive-level certificated positions hired on employment contracts, and the board of education determines salaries for executive-level positions that report to it. However, both the superintendent and the board of education lack written procedures for determining these salaries and did not maintain detailed documentation to support salary levels set for the 12 positions we reviewed. However, based on our interviews and review of the limited documentation that existed, they appear to use reasonable practices in their salary-setting decisions.

We recommended that LAUSD maintain complete records to support salary determinations for executive-level administrators to show that these determinations are based on reasonable and objective criteria.

LAUSD's Action: Corrective action taken.

LAUSD indicates that it has implemented procedures to ensure that appropriate documentation is retained to support the salary levels of executive-level administrators that the superintendent and board of education establish. These steps include integrating those salary levels into a new master salary schedule, developing a new point-factor system for evaluating these positions' salary levels, and creating file storage protocols for these salary-setting procedures.

Finding #7: LAUSD has taken steps to implement most of the recommendations from our July 2001 audit.

In July 2001 we issued a report titled *Los Angeles Unified School District: It Has Made Some Progress in Its Reorganization but Has Not Ensured That Every Salary Level It Awards Is Appropriate* (2000-125). The report concluded that LAUSD had made some progress in implementing its 2000 reorganization plan (plan); however, it has not shifted to local districts the level of authority over financial resources or instructional programs described in its plan. Also, we found that some administrative management positions earned substantially more in comparison to positions at other school districts, while a few positions earned less. Because it lacked formal guidance for determining what salaries to award, we concluded that the propriety of some of these compensation levels was questionable. Furthermore, we found that LAUSD lacked updated job descriptions for these positions and was unable to provide adequate documentation detailing how it set compensation levels for some positions.

During our current audit we found that LAUSD has fully implemented most of the July 2001 audit's recommendations, but it either has not implemented or only partly implemented our recommendations concerning performance measurements and salary-setting procedures as previously noted in findings 4, 5, and 6.