

**REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA**

**A REVIEW OF THE CALIFORNIA STATE UNIVERSITY'S
DISABLED STUDENT SERVICES**

**A Review of the California State University's
Disabled Student Services**

P-054, November 1991

**Office of the Auditor General
California**



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November 27, 1991

P-054

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning a review of the California State University's disabled student services.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kurt R. Sjoberg".

KURT R. SJOBERG
Auditor General (acting)

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Summary

Results in Brief The Chancellor's Office of the California State University (CSU) allocated \$7.9 million in fiscal year 1990-91 to the 20 CSU campuses to provide services for disabled students. We obtained financial information from each of the campuses and reviewed the disabled student services programs at 4 of the campuses. We found the following:

- The 20 CSU campuses spent \$600,000 less than they were allocated for disabled student services in fiscal year 1990-91. Funds budgeted for employee benefits account for \$400,000 (65 percent) of this unspent allocation;
- Two campuses paid approximately \$75,000 in fiscal year 1990-91 to employees on the disabled student services payroll who worked in the career counseling center and the international student program, not with disabled students;
- Of 153 students at the 4 campuses who were waiting for learning disabilities testing, 43 (28 percent) had to wait more than two months; and
- One campus provided services to 46 students whose disabilities had not been verified as required because the program had no system to identify promptly students receiving services who had not provided appropriate documentation.

Corrective Action The employees who worked in the career counseling center and the international student program and did not provide services to students with disabilities have been reassigned to more appropriate cost centers. As of July 1991, neither employee remained on the disabled student services payroll. In addition, the campus that did not document the disability of 46 students has developed a new tracking system to ensure that program staff obtain professional verification of disability from all students who request and receive services.

Background CSU is required by federal and state law to provide the services necessary to give disabled students equal access to education on its campuses. In fiscal year 1990-91, the Chancellor's Office budgeted almost \$8 million to provide services to approximately 8,000 students attending the 20 CSU campuses. The Chancellor's Office is responsible for the overall planning, implementing, and coordinating of all programs and services for students with disabilities such as visual limitations, speech and hearing impairments, mobility limitations, learning disabilities, and other functional limitations that interfere with a student's access to education. In addition, each campus has a program director who coordinates campus services including reader services for visually impaired students, interpreters and notetakers for deaf students, testing and diagnosis for students with learning disabilities, and special transportation for students with mobility impairments.

CSU Campuses Spent Less Than Allocated for Disabled Student Services In fiscal year 1990-91, the 20 CSU campuses reported spending \$600,000 less on disabled student services than the Chancellor's Office had allocated to them. We reviewed 4 of these campuses—CSU Chico, CSU Northridge, CSU Sacramento, and San Diego State University—and found that each had spent less than its allocation on disabled student services for several different reasons. For example, CSU Chico cut its disabled student services budget by \$50,000 in fiscal year 1990-91 even though the Chancellor's Office specified that campuses not reduce the disabled student

services budget. Further, the disabled student services programs at CSU Chico and San Diego State University did not spend all the money budgeted to them for staff because they had difficulty hiring temporary employees to fill professional positions. Each of the 4 campuses had students who waited more than two months to be tested for learning disabilities so they could receive services.

**Two Campuses
Spent Disabled
Student Funds
Inappropriately**

Two of the four campuses we reviewed had employees listed on the disabled student services payroll although they were not working in the disabled student services program. At CSU Sacramento, one employee worked in the career development and placement center, and at CSU Northridge, one employee worked as an immigration advisor in the international and exchange programs. In fiscal year 1990-91, these two employees' salaries and benefits cost the disabled student services programs at the two campuses almost \$75,000. In both cases the employees' salaries and benefits had been funded this way since 1986.

**One Campus
Provided
Services
Without
Verifying
Disabilities**

State law and CSU policy require that only students with verified disabilities receive services. In fiscal year 1990-91, CSU Northridge provided services to 46 students without verification of their disabilities (7 percent of the students they identified as disabled) because the program did not have a system to identify promptly students receiving services who had not provided documentation of their disabilities. By not verifying students' disabilities, CSU Northridge could be providing services to students who do not need them.

**Recommen-
dations**

The Chancellor's Office should establish a monitoring system to ensure that funds allocated by the Chancellor's Office to disabled student services programs are budgeted by the campuses to the programs and are spent only for disabled student services. It should also establish a monitoring system to verify promptly each student's disability.

Agency Comments The Chancellor of the California State University concurs with the report's findings and recommendations.

Introduction

In fiscal year 1990-91, approximately 8,000 disabled students were enrolled at the 20 campuses of the California State University (CSU). Federal law prohibits exclusion of any otherwise qualified handicapped individual from any university program because of the individual's handicap. In addition, the Legislature recognizes that equal access to the university's programs is essential for disabled students. Specifically, Sections 67300 through 67314 of Chapter 14 of the California Education Code detail the kinds of services that CSU should provide to disabled students to ensure that these students have equal access. The code also requires that CSU adopt regulations to provide these services. To comply with this requirement, in January 1989, CSU issued a "Policy for the Provision of Services for Students With Disabilities."

According to CSU policy, the Chancellor's Office is responsible for planning, implementing, and coordinating all systemwide programs and services for CSU disabled students. In addition, it is responsible for periodic reviews of disabled student services programs on each campus. The Chancellor's Office develops the yearly budget for the disabled student services programs using formulas based on an estimate of the number of disabled students to be served at each campus.

Each campus budgets staff and money for its disabled student services program, assigning a director the responsibility for planning, implementing, and coordinating all campus programs and services for disabled students. According to federal law, a handicapped person is someone who has a physical or mental impairment that substantially limits one or more major life activity.

Figure 1 describes the six categories CSU has established for students with disabilities.

Figure 1

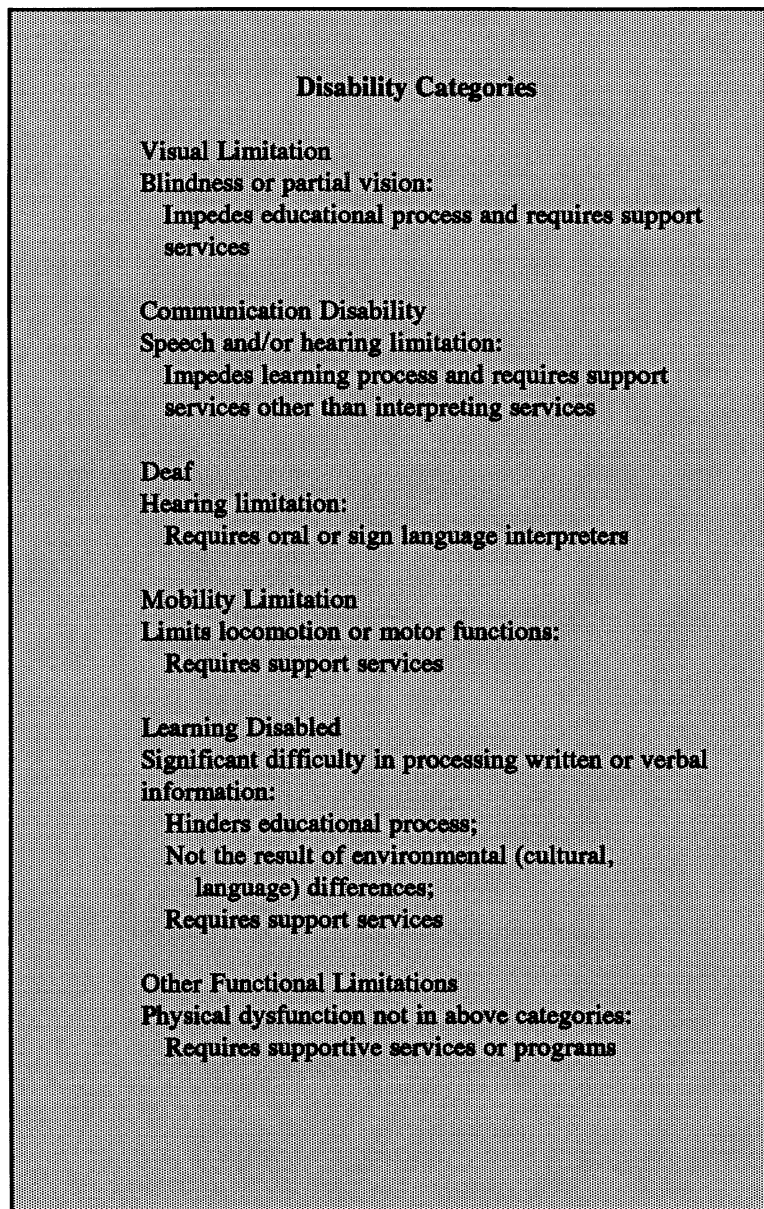
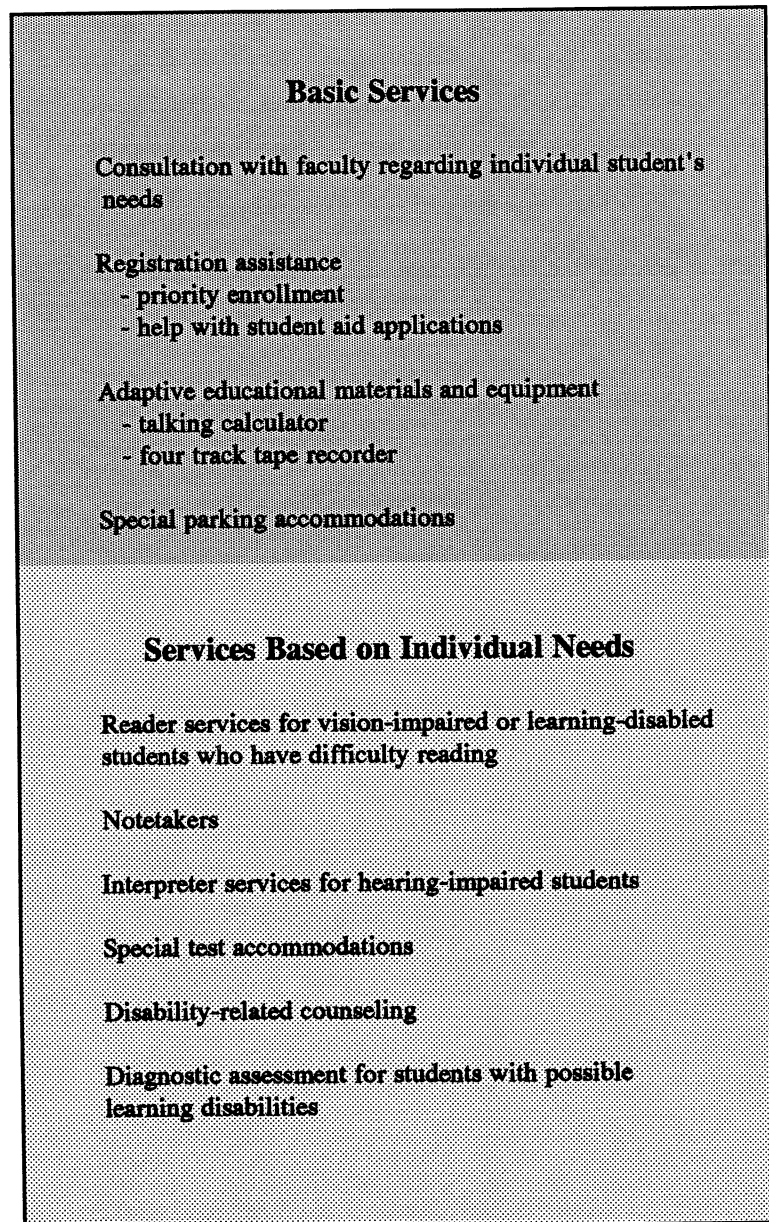


Figure 2 describes some of the services that each campus program should provide to disabled students.

Figure 2



**Scope and
Methodology**

The purpose of the audit was to determine if CSU has spent the general fund money allocated to each campus for disabled student services programs as it was required to spend that money. To determine what services campuses were required to provide for disabled students and how state funds should be spent to provide those services, we reviewed applicable laws, regulations, and policies. For the disabled student services program at each CSU campus, we obtained budget allocation information from the Chancellor's Office. In addition, we obtained reports of expenditures for these programs from each campus for fiscal years 1989-90 and 1990-91. We did not audit the expenditures.

We selected four campuses and reviewed their disabled student services programs. These four campuses were CSU Chico, CSU Sacramento, CSU Northridge, and San Diego State University. For fiscal years 1989-90 and 1990-91, we determined how much money each campus budgeted for disabled student services, how much money each reported spending on disabled student services, whether that money actually was spent on these services, whether campuses were verifying students' disabilities, and whether campuses were providing the required services to disabled students.

Chapter A Review of the California State University's Disabled Student Services

Chapter Summary

In fiscal years 1989-90 and 1990-91, information provided by the 20 campuses of the California State University (CSU) indicated that they spent approximately \$600,000 less than the Chancellor's Office had allocated to them to provide disabled student services. Funds budgeted for employee benefits account for \$400,000 (65 percent) of the unspent allocation in fiscal year 1990-91. We reviewed 4 of these 20 campuses and found that each spent less than its allocation on disabled student services. The disabled student services programs at most campuses did not spend all the money they were allocated, in part, because they have a large number of temporary employees and student assistants; consequently, they spend less in benefits than is budgeted. Additionally, at one campus, the disabled student services program received a \$50,000 "budget reduction" although state law requires that funds budgeted for disabled student services be used to provide services only to disabled students. Finally, 2 of these campuses did not spend all their allocations because they had difficulty hiring professional staff needed to provide services to disabled students.

We also found that 2 of the 4 campuses we reviewed spent part of their allocations inappropriately by paying approximately \$75,000 of disabled student services money in fiscal year 1990-91 to employees who did not work in the disabled student services program. Finally, one of the 4 campuses we reviewed provided services to 46 students without verifying that they were disabled. This occurred because program staff did not have a system to identify promptly students who had not provided appropriate documentation.

**Campuses
Reported
Spending Less
Than Allocated**

In fiscal year 1989-90, CSU allocated almost \$6.9 million to the 20 CSU campuses for disabled student services programs; it allocated almost \$7.9 million in fiscal year 1990-91. CSU policy states that these state funds must be used for disabled students to meet the goals and objectives specified in state law. However, the 20 CSU campuses reported spending \$6.3 million in fiscal year 1989-90 and almost \$7.3 million in fiscal year 1990-91 for disabled student services. Consequently, in each fiscal year, the 20 campuses spent approximately \$600,000 less than they were allocated. Further, in our review of the amount that 4 of these campuses reported spending on disabled student services, we found that 2 inappropriately spent part of those funds for other campus programs.

Although most of the CSU campuses provided information indicating that they spent less than they were allocated by the Chancellor's Office, a few campuses indicated that they spent more than they were allocated. For example, in fiscal year 1990-91, 16 campuses provided information indicating that they spent less on disabled student services than they were allocated by the Chancellor's Office while 4 campuses indicated that they spent more than they were allocated. However, we reviewed 2 of those 4 campuses and found that neither spent all the money it had reported for disabled student services. Specifically, CSU Sacramento and CSU Northridge reported spending more in fiscal year 1990-91 than the Chancellor's Office allocated to their disabled student services programs. However, because some of the money those 2 campuses reported spending was not spent to provide services for disabled students, the 2 campuses actually underspent their allocations. The 2 other campuses we reviewed, CSU Chico and San Diego State University, reported spending less than the Chancellor's Office had allocated to disabled student services in fiscal year 1990-91. Thus, all 4 of the campuses we reviewed spent less for disabled student services than the Chancellor's Office had allocated to them.

Reasons for Unspent Allocations

At each of the four campuses, we identified reasons the campus did not spend its entire allocation for disabled student services. However, in some instances we could not determine if funds were spent on other programs or were included in general campus-wide spending reductions.

Less in Benefits: The primary reason campuses spent less than the Chancellor's Office allocated to them is that most disabled student services programs paid considerably less in employee benefits than they were budgeted. For example, in fiscal year 1990-91, expenditure information provided by the disabled student services programs at the 20 CSU campuses indicates that they spent \$400,600 less than they were budgeted for employee benefits. This accounts for 65 percent of the total unspent allocation that year.

The Chancellor's Office budgets employee benefits to campuses based on an average rate calculated from the previous year's actual benefit cost for all employees. Programs such as disabled student services, which have a large number of temporary employees and student assistants who receive fewer benefits than permanent employees, pay less in actual benefits than the amount budgeted using the average rate. For example, the disabled student services program at San Diego State University reported paying employees \$48,000 less for benefits than the program was budgeted. According to the director of financial management, the budget office redistributed this amount to other campus programs to cover benefit deficits.

Budget Reduction: At CSU Chico, in fiscal year 1990-91, the disabled student services program received a \$50,000 "budget reduction." In both fiscal years 1989-90 and 1990-91, the Chancellor's Office required all campuses to implement budget reductions. However, policy memos sent to the campuses from the Chancellor's Office specified that budget cuts not be made in the disabled student services program. For example, in a March 1990

policy memo, the vice chancellor for business affairs expressed a concern that campuses were considering using funds budgeted for disabled student services programs to offset budget reductions or to support other programs. The vice chancellor reminded campus presidents that services to the disabled were mandated by federal and state law and that funds budgeted for the programs should be used to provide services only to disabled students. According to the vice president of business and administration at CSU Chico, the campus administration was not aware that the program budget had been cut until our audit brought it to their attention. This administrator stated that the deficiency will be corrected by more careful review of initial allocations to ensure that budgets conform with system policy.

In the 1991-92 budget act, the Legislature clarified its intent that the \$9 million appropriated that year for the disabled student services program should be used for the sole purpose of providing services to disabled students and that no unallocated reductions shall be taken from the program. Unallocated reductions are budget cuts required by the Chancellor's Office because of reductions in the final state budget appropriation to CSU.

Difficulty Hiring Professionals: At both San Diego State University and CSU Chico, the disabled student services programs did not spend all the money budgeted to them for salaries because they had difficulty hiring professional staff. Since budget formulas provide a maximum of 1.5 permanent positions for professional staff such as learning disability specialists, if program directors need to hire additional professional staff, they must use funds budgeted for temporary employees. However, according to the coordinator of the disabled student services program at CSU Chico, it is difficult to hire professionals in temporary, part-time positions. Persons with professional training generally do not want to work limited hours. For example, at CSU Chico, a temporary position for an educational psychologist took five months to fill. In another example, at San Diego State University, a disability management advisor position remained unfilled for 8.5 months because the program had difficulty recruiting for the position.

According to the Assistant vice Chancellor of Management and Business Analysis, campuses have the authority to reclassify temporary positions to permanent positions if funding is available. If campuses spent more of the money allocated for disabled student services to reclassify temporary positions to permanent positions and hire permanent staff for learning disability testing, they could more promptly test students. To be eligible for services, students who believe that they are learning disabled must be tested and diagnosed by an appropriate professional such as a learning disability specialist. In January 1989, the Chancellor's Office issued a policy memo requiring each campus to provide diagnostic assessment to certify specific disabilities.

Each of the four campuses we reviewed had identified students who needed to be tested for learning disabilities. We reviewed how quickly the campuses conducted these tests by determining the time that elapsed from when each student first requested testing to the day that testing actually began. For three campuses that did not test during the summer, we excluded summer months when we calculated the waiting period. We also did not include the time between the start of testing and the final diagnosis. At the four campuses we reviewed, we identified 153 students who had to wait for learning disability testing. Forty-three of those students (28 percent) waited at least two months to begin testing. We consider two months to be a significant wait since it would comprise more than one-half of a regular 15-week semester.

For example, at CSU Northridge, the learning disability specialists identified 77 students who had to wait for testing. Twenty-three (30 percent) of those students waited more than two months to begin testing for learning disabilities. The learning disability testing at CSU Northridge is done by one full-time and one half-time learning disability specialist. At San Diego State University, the waiting list consisted of 31 students. Eleven of these students waited more than two months. One student who asked for help in passing the teacher's competency test in February 1991 had to wait until May 29, 1991, to begin testing. She was ultimately diagnosed as learning disabled and so would have been eligible for services when she needed them if she had been tested promptly. If the campuses used more of their unspent

funds to reclassify temporary positions to permanent positions and hire permanent staff to provide learning disability testing, these campuses could test students more promptly.

**Disabled Student
Funds Spent
Inappropriately**

We reviewed expenses charged to the disabled student services programs at the four campuses we visited to determine if these campuses spent their allocations solely for services to disabled students. Section 67310 of the Education Code states that disabled student services funds should be used only for services that do not duplicate those that are available to all students. Further, the activity funded has to be directly related to the verifiable disabilities of students served. At CSU Sacramento and CSU Northridge, we found that two employees not working for the disabled student services programs were listed on the disabled student services payrolls and paid out of disabled student services funds. In fiscal year 1990-91, these two employees' salaries and benefits cost the disabled student services programs almost \$75,000. In both cases the employees' salaries and benefits had been funded this way for several years.

Specifically, at CSU Sacramento, an employee who works in the career development and placement center was paid from disabled student services funds. According to the employee, from 1984 through 1986, he worked in the disabled student services program. However, when he transferred to the career development and placement center in July 1986 as a full-time career counselor, the disabled student services program continued to pay 75 percent of his salary. According to this employee, he does not work specifically with disabled students but with any student who requests counseling. A small percentage of his case load may be disabled students, but they receive the same service that any other student would receive. Therefore, the employee's actions do not meet the requirements for disabled student services funding. In fiscal year 1990-91, this employee's salary and benefits cost the disabled student services program approximately \$42,000.

At CSU Northridge, an employee who works as an immigration advisor in the international and exchange programs was listed on the disabled student services payroll and had been paid from disabled student services funds since at least June 1986. This employee's salary and benefits cost the program almost \$33,000 in fiscal year 1990-91.

Corrective Action

As a result of our review, both campuses have reassigned these two employees to more appropriate cost centers. As of July 1991, neither employee remained on the disabled student services payroll.

One Campus Provided Services Without Verifying Disabilities

State law and CSU policy require that only students with verified disabilities receive student disability services. In addition, CSU policy requires each campus to maintain confidential records identifying its students with professionally verified disabilities. These files should contain specific information including the student's name, address, and social security number; the nature of the disability and any supportive services needed by the student; and specific documentation of the student's disability.

At the four campuses, we reviewed files of students whom the campus reported to the Chancellor's Office in the fall of 1990 as disabled and receiving services. We checked the files for documentation of each student's disability and for evidence of needs assessment and the provision of services. In addition, for a sample of students, we confirmed fall 1990 enrollment at the campus. We found no problems with documentation at three campuses: CSU Chico, CSU Sacramento, and San Diego State University. However, we found that CSU Northridge did not always verify students' disabilities. As a result, in fiscal year 1990-91, according to the program director, CSU Northridge provided services to 46 students who were not verified as disabled (7 percent of the students they identified as disabled). By not verifying students' disabilities, CSU Northridge could be providing services to students who do not need them.

This is evident from a letter mailed in June 1991 to 145 of 695 CSU Northridge students who had received disabled student services, according to the campus's November 1990 report to the Chancellor's Office. This letter informed the students that program staff could find no verification of their medical disabilities in program files. The letter also acknowledged that the program is not permitted to provide services to students without such verification.

Corrective Action

As a result of our review, the director of disabled student services at CSU Northridge developed a new tracking system to ensure that program staff obtain prompt professional verifications from all students who request and receive services. According to the director, the system went into effect during the summer of 1991.

Conclusion In fiscal years 1989-90 and 1990-91, the 20 CSU campuses spent approximately \$600,000 less each year on disabled student services than they were allocated by the CSU Chancellor's Office. In fiscal year 1990-91, approximately \$400,000 of the unspent allocation was budgeted for employee benefits. In addition, 2 campuses of the 4 that we reviewed inappropriately spent disabled student services money for other campus programs. Campuses could have used these funds to hire additional permanent staff to provide testing more promptly for students with learning disabilities.

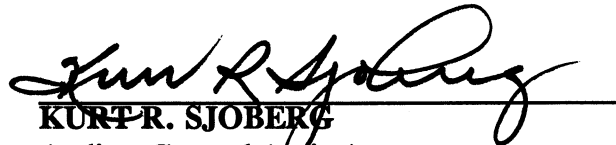
We also found that one of the 4 campuses we reviewed did not have a system for promptly identifying students receiving services who had not provided documentation of their disabilities. As a result, this campus could have provided services to students who did not need them.

Recommendations The Chancellor's Office should establish a system to monitor each campus' disabled student services program:

- To ensure that all of the funds allocated by the Chancellor's Office for disabled student services are budgeted by the campuses to provide those services;
- To ensure that campuses spend disabled student services funds only to provide services to disabled students; and
- To ensure that campuses verify promptly each student's disability.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


KURT R. SJOBERG
Auditor General (acting)

Date: November 25, 1991

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THE CALIFORNIA STATE UNIVERSITY

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November 19, 1991

Mr. Kurt R. Sjoberg
Auditor General (Acting)
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Re: Auditor General Report P-054: A Review of the California State University's Disabled Student Services

Dear Mr. Sjoberg:

As requested in your letter of November 13, 1991, I am submitting on behalf of the California State University a response to the recommendation contained in your report P-054, "A Review of the California State University's Disabled Student Services."

The following is my understanding of the single recommendation of this performance review:

"The Chancellor's Office should establish a monitoring system to ensure that disabled student services programs:

- Receive and spend all the money allocated to them for disabled student services;
- Spend disabled student services funds only to provide services to disabled students; and
- Verify promptly each student's disability."

I concur with the thrust of this recommendation; it is consistent with past administrative actions by this office. The memorandum transmitting the budget allocations to the campuses by this office for the 1989/90, 1990/91, and 1991/92 fiscal years included the following directive:

Mr. Kurt R. Sjoberg
November 19, 1991
Page Two

"...implementation of the reduction is within the discretion of each campus except that the following items are not to be included in the reduction process:

...4. Equity programs such as Student and Faculty Affirmative Action, Disabled Students, ..."

We will continue to examine these practices to ensure that the funds allocated for this special program are used exclusively to provide services to disabled students. We currently receive aggregate financial information but the best "monitoring system" is an on-site review of the program performance such as you conducted at four campuses. I have asked staff of this office to consider this matter and develop a monitoring system appropriate for this program. In subsequent follow-up reports, we will describe the monitoring system we have selected.

While the Disabled Student Services program is only \$10 million and represents only three-tenths of one percent of our total expenditure program, it is a program of high priority and sensitivity. Relative to the amount budgeted in 1990/91 for this program of almost \$8,000,000, your report identified approximately 3 percent unspent, other than benefit funding that is actually projected on an overall program basis. This represents effective utilization of funds since the total of all program formulas and standards is currently only 90 percent funded by the state. However, special restrictions relative to these funds are warranted, given the priority and sensitivity of funding of services to disabled students.

I appreciate the thoroughness of this performance review. It resulted in four campuses taking a careful look at the program operations and, as acknowledged in your report, implementing corrective action as soon as a problem was identified.

I believe the above is responsive to the recommendation in your report. If you have any questions concerning this matter, please contact this office.

Sincerely,



Barry Munitz
Chancellor

BM:jk

cc: Dr. Herbert L. Carter, Executive Vice Chancellor
Dr. Lee R. Kerschner, Vice Chancellor, Academic Affairs
Mr. Louis V. Messner, Acting Vice Chancellor, Business Affairs
Mr. Bruce M. Richardson, Acting General Counsel
Mr. David E. Sundstrom, University Auditor

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