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May 8, 1989

P-870.1

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 2148
Sacramento, California 95814

Dear Mr. Chairman and Members:

We reviewed the State Department of Education's (department) implementation and management of programs mandated by Chapter 1431, Statutes of 1985 (Senate Bill 65). These programs are intended for high school dropouts and students at risk of dropping out of school. We also reviewed certain aspects of the department's participation in the California Local Education Reform Network, a process designed to provide participating school districts and schools with a plan to improve the school environment. We found that the department awarded for authorized purposes the grants and contracts in our sample for Senate Bill 65 programs. In addition, the department has conducted or is in the process of conducting the required evaluations of programs mandated by Senate Bill 65. However, appropriations are not always used for intended purposes because the employees in the department's High Risk Youth Unit and the Alternative Education Unit do not keep accurate time reports. We also identified instances when the department failed to obtain approval for the contracts of temporary employees before the employees began working. Finally, the department did not monitor the expenditure of grants for one of the programs mandated by Senate Bill 65.

Background

Because concerns were raised about the department's administration of programs mandated by Senate Bill 65 and the department's participation in the California Local Education Reform Network, we reviewed various areas related to these issues.

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 2

Senate Bill 65

Senate Bill 65 was enacted in 1985 to address the issues relating to high school dropouts and "high-risk pupils." High-risk pupils include those who are susceptible to frequent absenteeism, truancy, or tardiness and those who have the potential to drop out of school. Senate Bill 65 addresses these problems with various programs: the school-based pupil motivation and maintenance program (motivation and maintenance program), which includes an information dissemination repository for model programs, instructional strategies, and effective practices (model-program repository); the alternative education and work centers program; and the educational clinics program. The alternative education and work centers program is repealed as of January 1, 1990; the educational clinics program becomes inoperative on June 30, 1989, and is repealed as of January 1, 1990. Both may be extended by new legislation.

The primary objective of the motivation and maintenance program is to improve the schools' ability to keep students by increasing educational opportunities and reducing absenteeism, truancy, tardiness, and dropout rates. To achieve these goals, the program allows increased flexibility in funding, allowing schools and school districts to coordinate funding earmarked for special programs. If the department approves a school's application for this program, the school will receive a planning grant of either \$6,000 for secondary schools or \$4,000 for elementary schools. In addition, schools with approved motivation and maintenance plans can be awarded \$40,000 to hire an outreach consultant to assist in meeting the plan's objectives. As of February 28, 1989, 958 grants totaling \$24.5 million have been awarded under the motivation and maintenance program.

The model-program repository is a system by which schools and other organizations can submit models of successful methods for dealing with high-risk pupils to the department so that other schools can adopt the models. The department administers this program by awarding grants to schools and school districts with successful methods and to those seeking to adopt successful methods. As of February 28, 1989, 333 grants for model-program repositories, totaling \$1.3 million, had been awarded.

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 3

The alternative education and work centers teach basic academic skills, operate diagnostic clinics, and provide on-the-job training so that students who have dropped out of school can find employment or return to high school. When the department approves a school district's application for this program, the district will receive a planning grant of up to \$8,000. After the first year, the district can receive grants of \$40,000 to hire outreach consultants for the program. The Superintendent of Public Instruction administers the program by publishing guidelines, training personnel, establishing a clearinghouse for information, disseminating information, and monitoring and evaluating the program. As of February 28, 1989, the department has awarded 249 grants totaling \$6.8 million under this program.

Educational clinics are intended for areas without alternative education and work centers, and they target youth who have dropped out of school. They instruct dropouts in basic academic skills and encourage them to reenter school and find employment. The department reimburses school districts or county superintendents of schools for the costs of contracting with these clinics. The amount the clinics may charge is limited to a maximum of \$75 for an initial diagnosis and \$5 for each instructional hour or additional diagnosis. As of February 28, 1989, 10 educational clinics had been reimbursed a total of \$2.9 million under this program.

Staff Working on Programs
Mandated by Senate Bill 65

The Specialized Programs Branch of the department deals with issues relating to dropout prevention and recovery. It established the High Risk Youth Unit to administer dropout prevention and recovery programs, including some of those mandated by Senate Bill 65. As of March 1989, the unit had 11 staff positions, including an administrator, six consultants, a staff services analyst, and three office assistants. The position of administrator and two of the consultant positions are occupied by visiting educators who are school district employees on renewable contracts with the department to assist the unit in meeting its goals.¹ The terms of the contracts range from four and one-half months to twelve months.

¹Section 19050.8 of the California Government Code and Title 2, Section 427 of the California Code of Regulations, allow employees to be loaned or temporarily assigned between agencies or within agencies or jurisdictions.

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 4

One of the visiting educator consultants, the staff services analyst, and an office assistant are funded by the department's allotment for administration of programs mandated by Senate Bill 65 to work on those programs; the remaining positions are funded by various other sources of state and federal funds.

The administrator, one of the consultants, and one of the other office assistants stated that they also work on programs mandated by Senate Bill 65. However, the administrator is paid by federal funds from Vocational Education-Basic Grants to States, and the consultant and the office assistant are paid by federal funds from Improving School Programs-State Block Grants. The specific programs mandated by Senate Bill 65 that are administered by the High Risk Youth Unit are the motivation and maintenance programs and the model-program repository. Both of these programs are intended for dropout prevention.

In addition to the High Risk Youth Unit, the Alternative Education Unit has two consultants who work on the two other programs mandated by Senate Bill 65 although these positions are funded by the State's General Fund and with federal funds from Improving School Programs-State Block Grants. These employees work on the educational clinics and alternative education and work centers programs, both of which are intended for dropout recovery.

California Local Education Reform Network

According to the deputy superintendent of the Specialized Programs Branch, in 1987, the department began implementing a process known as the California Local Education Reform Network (network). The first schools joined the network in 1988. The network is an educational process in which students, parents, personnel from schools and school districts, officials from the department, and private educational consultants join together in an attempt to improve teaching and learning in schools. The process is not statutorily mandated, and, as of March 15, 1989, the department has not formally evaluated it.

Sage Analytics International, Incorporated (Sage), a private educational consultant, provides the technology for the process. Sage contracts directly with the school districts to provide the application of a "failure avoidance technology," which identifies obstacles and problems that interfere with effective teaching and learning, traces them to their root causes, and ranks them in order of importance. According to the department, school districts pay Sage \$10,000 for each of the three cycles of the network process. According to documents

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 5

provided by the department and Sage, as of March 15, 1989, 69 schools had begun or agreed to begin the network process.

According to the department, its staff provides technical support for the network by collecting data, monitoring the schools, and assisting in evaluating the effectiveness of the process. The deputy superintendent of the Specialized Programs Branch states that the department uses resources from its High Risk Youth Unit as well as resources from the Career-Vocational Preparation Division, the Special Education Division, and the Resource Services Division.

Contracts Between the Department and Sage

In 1987 and 1988, the department entered into two contracts with Sage, totaling approximately \$116,000. The first contract required Sage to analyze the management of the department's Specialized Programs Branch. The second contract provided that Sage would implement the process of solving the problems identified as a result of the first contract. The department used various sources of state and federal funding to pay for these two contracts, including Department Management and Administrative Services funds and Vocational Education-Basic Grants to States funds. No funds appropriated for Senate Bill 65 programs were used for these contracts.

Scope and Methodology

Our review was limited to the State Department of Education and did not include audit work at school districts. To determine if the department complied with statutes, State Administrative Manual requirements, and department policy for awarding grants and contracts to school districts for the four programs mandated by Senate Bill 65, we reviewed 118 of 1,550 contracts and grants, and we found few weaknesses. In addition, we identified 20 consultant contracts with private individuals and entities and two contracts with public entities that were paid for out of the department's allotment for administration of Senate Bill 65 programs. We evaluated the services provided by these 22 contractors to determine if they were consistent with purposes authorized by Senate Bill 65, and we found few weaknesses. In addition, we reviewed 11 of the 22 contracts to determine if the department followed Public Contract Code and State Administrative Manual procedures in awarding them, and we identified one contract in which the department did not follow these procedures. Because this contract was for the temporary assignment of a school district employee to the department and was the only contract of its type in our sample, we then examined each of the

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 6

four contracts of this type that provided services to the High Risk Youth Unit during the time of our review. The department paid for only one of these four contracts from its allotment for the administration of Senate Bill 65 programs.

Finally, we identified all consulting contracts with private individuals and entities that provided services to the High Risk Youth Unit from July 1, 1985, through February 28, 1989. Attachment A provides a list of these consulting contracts and the services provided.

We also reviewed documents written by Sage and department reports and interviewed department staff to determine the purpose of the network and to identify schools participating in the network. We did not, however, evaluate the sources of funds the department used to pay for the staff that support the network, nor did we evaluate the appropriateness of the fund sources used for the two contracts between the department and Sage. We reviewed department and Sage documents to develop a list of schools that joined the network and also received Senate Bill 65 funds. Table B-1 of Attachment B lists the schools that received some Senate Bill 65 funds and that joined the network. Table B-2 lists the school districts that received some Senate Bill 65 funds and had schools that joined the network.

We analyzed evaluations of programs mandated by Senate Bill 65 to determine if these evaluations complied with statutory requirements. We also performed various data-validation techniques that we identified as appropriate for the circumstances. These included testing files of computer-generated documents and interviewing staff responsible for data generation. Finally, we reviewed the department's expenditure of funds available for programs mandated by Senate Bill 65. Attachment C shows, from July 1, 1985, through February 28, 1989, the funds available and the expenditures for each program mandated by Senate Bill 65.

The Department Awarded the Grants and Contracts in Our Sample for Authorized Purposes

We reviewed 118 (7.6 percent) of the 1,550 grants and contracts the department awarded school districts from fiscal year 1985-86 through February 1989 for the four programs mandated by Senate Bill 65. The 1,550 grants and contracts represent the total expenditures for fiscal year 1985-86 through February 1989 for these four programs. We

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 7

reviewed the 118 grants and contracts to determine if the department awarded them for purposes authorized by Senate Bill 65 and found that all 118 were awarded for authorized purposes. For example, the department awarded Foothill High School a \$40,000 motivation and maintenance program grant in fiscal year 1986-87 for an outreach consultant to coordinate work to prevent students from dropping out. The department also awarded Mountain Union School district a \$3,000 grant in fiscal year 1985-86 for the district to adopt the "Early Success in School" model program from the model-program repository.

Required Evaluations of Mandated
Senate Bill 65 Programs
Are Being Conducted

The department has conducted the required evaluations of the alternative education and work centers and the educational clinics and is taking appropriate action to comply with requirements to evaluate the motivation and maintenance program. Section 52902(f) of the Education Code requires the Superintendent of Public Instruction to complete an evaluation of the alternative education and work centers. In addition, Section 58560(d) of the Education Code requires the department to complete an evaluation of the educational clinics. These reports were required to be submitted to the Legislature by January 1, 1989. Further, Section 54734(f) of the Education Code requires the Superintendent of Public Instruction to contract for evaluations of the motivation and maintenance program and report the results to the Legislature by January 1, 1990, and again by January 1, 1992.

The department contracted with a consulting firm to complete the evaluation of the educational clinics and the alternative education and work centers. The evaluation was completed in December 1988 and submitted to the Legislature in March 1989. The evaluation reported that these programs are generally successful in terms of the number of students returning to school, obtaining employment, or enrolling in post-secondary schools, as well as in terms of the total number of students served and the reduction in truancy and dropout rates.

The department is presently in the process of selecting a contractor to evaluate the motivation and maintenance programs. The evaluation will include data from schools with these programs regarding the reduction in absenteeism, truancy, tardiness, and dropout rates; staff development programs; use of student study teams; coordination of services from other funding sources; effectiveness of the outreach consultants; and effectiveness of instructional and auxiliary services.

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 8

Appropriations May Not Always
Be Used for Intended Purposes

The amount of time employees in the High Risk Youth Unit and the Alternative Education Unit spend working on various programs cannot be determined because these employees do not keep accurate time reports. The State Administrative Manual, Sections 9205 and 9224.1, requires that salaries and wages be allocated to programs based on the hours spent on the programs. In addition, the department's policy instructs employees to record the total hours they have worked on each program. However, employees in the High Risk Youth Unit and the Alternative Education Unit charge all their time to a single program rather than to the various programs they actually work on.

We administered a questionnaire to several employees who work in either the High Risk Youth Unit or the Alternative Education Unit to determine the programs they work on, and we identified instances from July 1987 through February 1989 when employees spent a portion of their time working on programs other than the program to which they charged their time. For example, one employee stated that he works on programs mandated by Senate Bill 65 for 33 percent of the time although he charged all his time to federal funds from Improving School Programs-State Block Grants. Another employee stated that she works on programs mandated by Senate Bill 65 for 30 percent of the time although she also charges all her time to federal funds from Improving School Programs-State Block Grants.

As a result of failing to keep accurate time reports, the department does not always use appropriations for the programs for which they were intended. The California Code of Regulations, Title 2, Section 613, states that appropriations are not interchangeable, and each shall be used only for the particular purpose defined in the act making the appropriation. Furthermore, in some instances, employees were charging all their time to an element that is included in the Budget Act appropriation for the Instruction program, which is meant to provide direct educational services to children and adults. However, they spent a portion of their time working on an element that is included in the Budget Act appropriation for the Instructional Support program, which includes resources meant to complement the Instruction program.

According to the director of the department's Administrative Services Division, a copy of the department's policy instructing employees to show the total hours they worked on each program will be sent to the

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 9

director of the division responsible for overseeing the High Risk Youth Unit and the Alternative Education Unit.

Failure To Obtain
Certain Contract Approvals

From July 1, 1985, through February 1989, the department contracted with school districts for the temporary assignment of three school-district employees to work as staff of the High Risk Youth Unit. The department entered into two contracts for one of the employees and one contract for each of the other two employees. Section 10295 of the Public Contract Code states that contracts are not in effect unless and until approved by the Department of General Services. However, in our review of these contracts, we found that the department failed to obtain the approval of the Department of General Services for all four contracts before work had been started. For instance, one employee began working 76 days before the department obtained contract approval from the Department of General Services. Only one of these four contracts was paid for from the department's allotment for administration of Senate Bill 65 programs.

Because the department failed to obtain contract approval before work had been started, the State was exposed to potential litigation between the State and the contractor over payment for services rendered by the contractor had the Department of General Services disapproved the contract.

According to the director of the Youth, Adult and Alternative Educational Services Division, the department informs the school districts that any work performed before the department obtains the approval of the Department of General Services may not be reimbursed. The director further stated that, because the districts are willing to take the risk that they may not be reimbursed and because of the time required for school districts to submit documents, the department has allowed work to begin before it obtained the required approval.

The Department Did Not
Monitor the Expenditure of
Model-Program Repository Grants

The Education Code, Section 54734(c)(1), requires the Superintendent of Public Instruction to ensure that funds allocated for the model-program repository are spent for the intended purposes. The department requires schools that receive grants under the model-program repository

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 10

to submit expenditure reports by June 30 or July 30 of the following year, depending upon when the contract was awarded. However, for fiscal years 1985-86 and 1986-87, of 197 grants awarded, totaling \$729,086, the department did not receive the required expenditure reports from 17 schools that received 17 (53 percent) of the 32 grants we reviewed. In addition, 8 of the 17 schools received grants in 1986-87 and were notified that failure to submit expenditure reports would result in a billing from the department for the amount of the grant; therefore, the department should have billed these 8 schools for the amount of the grant. The grants for which the department received no expenditure reports totaled \$67,249.

Because it did not receive expenditure reports for these grants, the Superintendent of Public Instruction is not assured that the grant funds are being used for the purposes intended by state law. According to the department's analyst overseeing the model programs, the department is preparing invoices for the amount of each grant for the 17 educational agencies that have not submitted expenditure reports. The department will send these invoices with a cover letter and a copy of the required expenditure report so the districts can report their use of the funds and return the unspent portion of their grants.

Conclusion

The State Department of Education generally uses funds appropriately for programs mandated by Senate Bill 65. In addition, the department is conducting the required evaluations of programs mandated by Senate Bill 65. However, there is no way to accurately determine the amount of time the employees in the department's High Risk Youth Unit and the Alternative Education Unit spend working on various programs. Therefore, appropriations are not always used for the programs for which they were intended. In addition, the department does not always obtain contract approval from the Department of General Services before allowing contract work to begin, nor did it monitor the expenditure of grants for one of the programs mandated by Senate Bill 65.

Recommendations

To ensure that funds are used for the programs for which they are intended, the State Department of Education should ensure that the High Risk Youth Unit and the Alternative Education Unit comply with State Administrative Manual requirements and department requirements to allocate their salary costs according to the hours spent on programs.

Honorable Elihu Harris, Chairman
Members, Joint Legislative
Audit Committee
May 8, 1989
Page 11

To ensure proper management of contracts for employees, the department should obtain approval from the Department of General Services for all contracts before the contract work begins.

To ensure that funds allocated for the model-program repository are spent for the intended purposes, the Superintendent of Public Instruction should direct the department to ensure that schools receiving grants for this program submit required expenditure reports. In addition, the department should continue its efforts to send invoices to schools that do not submit expenditure reports.

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 the letter.

Respectfully submitted,



KURT R. SJOBERG
Acting Auditor General

Attachments

Response from the State Department of Education

HIGH RISK YOUTH UNIT
CONSULTING CONTRACTS
JULY 1985 THROUGH FEBRUARY 1989

<u>Consulting Contractor</u>	<u>Fiscal Year of Contract</u>	<u>Contract Amount</u>	<u>Services Provided</u>	<u>Source of Funding^a</u>
Judith A. Alamprese	1985-86	\$ 6,500	Provide training sessions to develop an organization of dropout-prevention consultants.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
William Callison, PhD.	1985-86	6,000	Research and identify dropout-prevention and recovery projects for inclusion in the model-program repository.	Chapter 111, Statutes of 1985 (Federal Grant: Improving School Programs - State Block Grants)
Charles W. Dayton	1985-86	6,000	Assist in and expedite collection of data at ten Peninsula Academy sites.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
Jean F. Estes	1985-86	7,000	Identify Senate Bill 65 model programs for inclusion in the model-program repository.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
Pat Lesniak	1985-86	950	Prepare and present Senate Bill 65 student study team training.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
Joseph P. Maloney	1985-86	4,500	Develop and present a handbook useful in developing a dropout-prevention initiative.	Chapter 111, Statutes of 1985 (Federal Grant: Improving School Programs - State Block Grants)
Karen Olsen	1985-86	1,400	Prepare and present training session on school planning process for dropout-prevention programs of Senate Bill 65.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
San Diego State University Foundation	1985-86	45,000	Administer a model-program repository for dropout-prevention and recovery programs.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
Geoffrey Stockdale	1985-86	2,440	Research assistance in conducting an evaluation of the Peninsula Academies program.	Chapter 111, Statutes of 1985 (Federal Grant: Improving School Programs - State Block Grants)
Systems Analysis Research	1985-86	72,120	Devise a method to evaluate and analyze educational clinics as to their program and cost effectiveness, and perform the analysis.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
	1986-87			Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
	1987-88			Chapter 135, Statutes of 1987 (Administration of Senate Bill 65 Programs)

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<u>Consulting Contractor</u>	<u>Fiscal Year of Contract</u>	<u>Contract Amount</u>	<u>Services Provided</u>	<u>Source of Funding^a</u>
Robert C. Williams	1985-86	\$ 6,000	Design, test, and write up a validation process to review existing programs for inclusion in the model-program repository.	Chapter 1431, Statutes of 1985 (Administration of Senate Bill 65 Programs)
Auxiliary Services Enterprise, Inc.	1986-87	15,000	Develop curriculum modules for a training project to reduce dropout problem.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Mary Ann Duganne	1986-87	950	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)
Ron Fontaine	1986-87	1,250	Review and evaluate school plans for the Senate Bill 65 motivation and maintenance programs.	Chapter 186, Statutes of 1986 (Federal Grant: Improving School Programs - State Block Grants)
James Fountain	1986-87	1,500	Review and evaluate school plans for the Senate Bill 65 motivation and maintenance programs.	Chapter 186, Statutes of 1986 (Federal Grant: Improving School Programs - State Block Grants)
H. B. Gelatt	1986-87	4,500	Provide training and follow-up services for Senate Bill 65 outreach consultants.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Becky Hirschhorn	1986-87	210	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)
Industry Education Council of California	1986-87	12,000	Supplement materials for three model programs for at-risk youth.	Chapter 186, Statutes of 1986 (Federal Grant: Improving School Programs - State Block Grants)
Pat Lesniak	1986-87	2,600	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)
Rosemary Lyons	1986-87	1,150	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Greg Putzka	1986-87	725	Conduct needs assessments with High Risk Youth Unit staff and collaborate with High Risk Youth Unit on fiscal year 1987-88 workplans.	Chapter 186, Statutes of 1986 (Federal Grant: Improving School Programs - State Block Grants)
Marcie Radius	1986-87	950	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)
Marcie Radius	1986-87	2,675	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)

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<u>Consulting Contractor</u>	<u>Fiscal Year of Contract</u>	<u>Contract Amount</u>	<u>Services Provided</u>	<u>Source of Funding^a</u>
Daniel A. Sherman	1986-87	\$ 8,000	Coordinate a training institute for Senate Bill 65 schools.	Chapter 186, Statutes of 1986 (Support of Instructional Support Programs)
Sharen Trammell	1986-87	1,150	Prepare and present Senate Bill 65 student study team training.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Thomas R. Tryon	1986-87	1,250	Review and evaluate school plans for the Senate Bill 65 motivation and maintenance programs.	Chapter 186, Statutes of 1986 (Federal Grant: Improving School Programs - State Block Grants)
Robert C. Williams	1986-87	9,500	Validate the quality and effectiveness of programs under consideration for model programs for dropout prevention and recovery.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Dr. Ted Zimmerman	1986-87	2,500	Assist in presenting successful practices to school districts' administrators and outreach consultants for establishing Alternative Education and Work Centers program.	Chapter 186, Statutes of 1986 (Administration of Senate Bill 65 Programs)
Robert Martz	1987-88	2,000	Prepare a report on factors impeding schools from participating in the School-Based Programs Coordination Act.	Chapter 135, Statutes of 1987 (Federal Grant: Improving School Programs - State Block Grants)
Nola Castle	1988-89	95	Provide training in elementary social studies for California Local Education Reform Network site leadership teams.	Grant from The College Board
Pam Castoria	1988-89	170	Provide training in science for California Local Education Reform Network site leadership teams.	Grant from The College Board
Judith K. Chynoweth	1988-89	2,750	Develop a manual for the California Local Education Reform Network process.	Chapter 313, Statutes of 1988 (Federal Grant: Vocational Education - Basic Grants to States)
Neil Dixon	1988-89	95	Provide training in elementary science for California Local Education Reform Network site leadership teams.	Grant from The College Board
Dr. TheIma Duncan	1988-89	95	Provide training in the Proficiency in English Program for California Local Education Reform Network site leadership teams.	Grant from The College Board

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<u>Consulting Contractor</u>	<u>Fiscal Year of Contract</u>	<u>Contract Amount</u>	<u>Services Provided</u>	<u>Source of Funding^a</u>
Mike Erickson	1988-89	\$ 95	Provide training in secondary social studies for California Local Education Reform Network site leadership teams.	Grant from The College Board
Terre B. Finney	1988-89	95	Provide training in the Proficiency in English Program for California Local Education Reform Network site leadership teams.	Grant from The College Board
Dr. Andra Grubbs	1988-89	95	Provide training in secondary science for California Local Education Reform Network site leadership teams.	Grant from The College Board
Patrick Harnett	1988-89	125	Provide training in secondary mathematics for California Local Education Reform Network site leadership teams.	Grant from The College Board
Anita Luckie	1988-89	95	Provide training in the Proficiency in English Program for California Local Education Reform Network site leadership teams.	Grant from The College Board
Dr. Barbara Palmer	1988-89	95	Provide training in secondary language arts for California Local Education Reform Network site leadership teams.	Grant from The College Board
Daveda Shapiro	1988-89	95	Provide training in elementary language arts for California Local Education Reform Network site leadership teams.	Grant from The College Board
Consuelo Simental	1988-89	170	Provide training in bilingual education for California Local Education Reform Network site leadership teams.	Grant from The College Board
Carmen Stewart	1988-89	95	Provide training in elementary mathematics for California Local Education Reform Network site leadership teams.	Grant from The College Board
Dorothy Thompson	1988-89	170	Provide training in language arts for California Local Education Reform Network site leadership teams.	Grant from The College Board

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<u>Consulting Contractor</u>	<u>Fiscal Year of Contract</u>	<u>Contract Amount</u>	<u>Services Provided</u>	<u>Source of Funding^a</u>
Merrill Vargo	1988-89	\$ 3,000	Survey Alternative Education and Work Centers project directors and prepare a report for the Legislature.	Chapter 313, Statutes of 1988 (Support of Instructional Support Programs)
Britt Vasquez	1988-89	170	Provide training in cooperative learning strategies for California Local Education Reform Network site leadership teams.	Grant from The College Board

^aSource: Records from the accounting office of the State Department of Education.

TABLE B-1

**SCHOOLS THAT WERE GIVEN FUNDS FOR
SENATE BILL 65 MODEL-PROGRAM REPOSITORY
OR MOTIVATION AND MAINTENANCE PROGRAMS
AND THAT JOINED THE CALIFORNIA LOCAL
EDUCATION REFORM NETWORK
JANUARY 1, 1988, THROUGH MARCH 15, 1989**

<u>County</u>	<u>School District</u>	<u>School^a</u>
Alameda	Oakland Unified	Calvin Simmons Jr. High
Alameda	Oakland Unified	Lockwood Elementary
Alameda	Oakland Unified	Castlemont High
Kern	Delano Joint Union	Delano High
Los Angeles	Compton Unified	Willowbrook Junior High
Los Angeles	Compton Unified	Centennial High
Los Angeles	Compton Unified	Anderson Elementary
Los Angeles	Los Angeles Unified	52nd Street Elementary
Los Angeles	Los Angeles Unified	95th Street Elementary
Los Angeles	Los Angeles Unified	61st Street Elementary
Los Angeles	Los Angeles Unified	Loren Miller Elementary
Los Angeles	Los Angeles Unified	Raymond Avenue Elementary
Sacramento	Grant Joint Union	Grant Union High
San Francisco	San Francisco Unified	Woodrow Wilson High
San Joaquin	Stockton Unified	Edison High

^a The list of schools that have joined the network is based on documentation provided by the department and Sage Analytics International, Incorporated.

TABLE B-2

**SCHOOL DISTRICTS THAT WERE GIVEN
FUNDS FOR SENATE BILL 65 WORK CENTERS
OR EDUCATIONAL CLINICS AND THAT HAD
SCHOOLS THAT JOINED THE
CALIFORNIA LOCAL EDUCATION REFORM NETWORK
JANUARY 1, 1988, THROUGH MARCH 15, 1989**

<u>County</u>	<u>School Districts^a</u>
Alameda	Oakland Unified
Contra Costa	Richmond Unified
Fresno	Fresno Unified
Kern	Delano Joint Union
Los Angeles	Compton Unified
Los Angeles	Los Angeles Unified
Sacramento	Elk Grove Unified
Sacramento	Grant Joint Union
San Francisco	San Francisco Unified
San Joaquin	Stockton Unified
Yuba	Marysville Joint Unified

Note: Since the funds for Senate Bill 65 work centers and educational clinics are given to school districts, we do not list schools in the district.

^a This list of school districts that have joined the network is based on documentation provided by the department and Sage Analytics International, Incorporated.

HIGH RISK YOUTH UNIT
EXPENDITURE OF FUNDS AVAILABLE FOR
PROGRAMS MANDATED BY SENATE BILL 65
FISCAL YEAR 1985-86 THROUGH FEBRUARY 1989

Fiscal Year Appropriated	Motivation and Maintenance			Alternative Education and Work Centers			Model-Program Repository			Educational Clinics		
	Amount Available	Funds Spent ^a	Funds Not Spent	Amount Available	Funds Spent ^a	Funds Not Spent	Amount Available	Funds Spent	Funds Not Spent	Amount Available	Funds Spent ^a	Funds Not Spent
1985-86	\$ 1,000,000	\$ 996,000	\$ 4,000 ^b	\$ 400,000	\$ 392,131	\$ 7,869 ^b	\$ 400,000	\$ 389,173	\$ 10,827 ^b	\$ 950,000	\$ 559,395	\$ 390,605 ^b
1986-87	9,000,000	8,980,000	20,000 ^c	2,400,000	2,400,000	0	350,000	324,163	25,837 ^c	1,900,000	706,224	1,193,776 ^c
1987-88	8,000,000	8,000,000	0	2,000,000	2,000,000	0	350,000	350,000	0	1,900,000	1,246,265	653,735 ^d
1988-89	8,000,000	6,480,000	1,520,000 ^e	2,000,000	2,000,000	0	350,000	239,268	110,732 ^e	1,900,000	378,249	1,521,751 ^e
Total	\$25,000,000	\$24,456,000	\$1,544,000	\$6,800,000	\$6,792,131	\$7,869	\$1,450,000	\$1,302,604	\$147,397	\$6,650,000	\$2,890,133	\$3,759,867

Source: Records from the accounting office of the State Department of Education as of February 28, 1989.

Note: This table does not include administrative funds spent by the department.

^a The funds spent each fiscal year were not always paid in the year they were appropriated. As allowed by the California Government Code, payments can be made up to two years after the end of the fiscal year of the appropriation.

^b These amounts were not spent within the period allowed by statute, and, therefore, at June 30, 1988, the department lost the authority to spend these funds.

^c These amounts had not been spent as of February 28, 1989. If these funds are not spent as of June 30, 1989, the department will lose the authority to spend these funds.

^d This entire amount is committed to specific educational agencies and may be paid to them between March 1, 1989, and June 30, 1990, if the educational agencies bill the department for expenses incurred through June 30, 1988.

^e The department has until June 30, 1989, to commit all or a portion of these funds to specific educational agencies. Between that date and June 30, 1991, the department may spend the committed portion of these funds to pay the specific educational agencies for the motivation and maintenance or model-program repository segments if the educational agencies comply with the grant requirements or, for the educational clinics segment, if the educational agencies bill the department for expenses incurred through June 30, 1989.



CALIFORNIA STATE DEPARTMENT OF EDUCATION

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Superintendent

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of Public Instruction

May 3, 1989

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

RE: P-870.1

Dear Mr. Sjoberg:

Thank you for the opportunity to review the draft report titled "The State Department of Education's Implementation and Management of Programs Mandated by Chapter 1431, Statutes of 1985 (Senate Bill 65)." We have the following specific comments.

Our reading of the report indicates that you have noted no deficiencies in outcomes of SB 65 as it has been implemented by the Department. You have noted certain deficiencies in some procedural matters which we are correcting.

Your report confirmed that we have been properly awarding funds for SB 65 programs to local educational agencies (LEAs). Staff are currently reviewing the files of all LEAs that received Model Program Repository Grants during 1985-86 and 1986-87. All districts that have not submitted final expenditure reports for these grant years will be provided with a copy of the program expenditure report and an invoice for the total amount of their grants so these LEAs can report their expenditures and return any unused funds. Staff will continue to monitor expenditures for all programs for all grant years to ensure that funds have been expended for program purposes and that unused funds are returned.

The Department has taken action to ensure correct allocation of salaries and wages between programs in the two units with responsibility for implementation of SB 65 programs. The staff of these two units have worked diligently to meet the common objectives of SB 65 and other state and federal programs which serve youth at risk. They will record their hours worked by fund source in the future.

Your auditors reviewed the 22 contracts let with SB 65 funds and found that these were consistent with SB 65 purposes. In addition, your staff sampled half of these contracts to determine if procedural requirements were met in making the awards. These requirements were met for all the reviewed contracts entered into with nongovernmental entities. The only concern identified was that

Kurt R. Sjoberg
May 3, 1989
Page 2

the Department did not obtain sign-off by the Department of General Services (DGS) before allowing staff of local districts to begin work which had been authorized under interjurisdictional exchange agreements.

We do not dispute that DGS reviews these standard agreements under the provisions of the Public Contract Code. However, because these are agreements between the State and units of local government, they are less likely to present problems with choice of contractor or scope of work than are contracts with private entities. DGS does return intergovernmental contracts for failure to meet technical requirements, such as submission of proper supporting documentation. Once the proper materials have been submitted, the contracts are ratified by DGS approval which relates back to the beginning date of the contract.

To the knowledge of the Department's Contracts Manager, DGS has not disapproved any otherwise valid contracts among public entities because work started before the DGS approval date and DGS has not changed the effective date to the approval date. Further, if DGS ever did disapprove one of these contracts or deny approval for the period between the contract start date and the DGS approval date, the public entity could submit a claim to the Board of Control and be paid from the Department's current year administrative funds. The Department is not likely to oppose such a claim and any government agency providing services in good faith at the request of the State would have an indisputable claim for payment. For all these reasons, it is our opinion that the risk of exposure to litigation is extremely remote.

The educational reform movement is working for the majority of schools. With ongoing support provided by programs like SB 65 and the C-LERN process which empower local sites to identify their resources and put in place positive actions, California schools will continue to improve their abilities to serve youth at risk.

Sincerely,



William D. Dawson
Executive Deputy Superintendent

WDD:c