

# LOS ANGELES UNIFIED SCHOOL DISTRICT

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## ***It Has Made Some Progress in Its Reorganization but Has Not Ensured That Every Salary Level It Awards Is Appropriate***

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### *Audit Highlights . . .*

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

- LAUSD has not demonstrated that it has reduced the central office positions identified in its reorganization plan (plan).*
- Local districts do not have the level of authority over their financial resources or instructional programs described in the plan.*
- Certain high-level administrative positions at LAUSD receive salaries that vary widely from similar positions at other school districts.*
- In a few instances, LAUSD determined salary levels without thoroughly documenting the positions' responsibilities.*
- In some cases, LAUSD lacked guidance for how to determine compensation levels and could not provide much documentation detailing how it set salaries.*
- LAUSD has not drafted performance measures for many high-level administrators, and its measures for the general superintendent are often vague.*

### **REPORT NUMBER 2000-125, JULY 2001**

The Joint Legislative Audit Committee requested an audit of the Los Angeles Unified School District's (LAUSD) recent reorganization and its executive and administrative compensation practices. We issued our audit report on July 12, 2001. However, LAUSD did not provide its two scheduled responses outlining what corrective actions it has taken to address our recommendations. Therefore, the responses below reflect its initial response to our audit. LAUSD indicated that it found our specific recommendations to be reasonable. Nevertheless, we found that:

#### **Finding #1: Local districts do not have the level of authority over financial resources or instructional programs as described in the reorganization plan (plan).**

The plan describes the new role of the central office as a service provider and indicates substantial budgetary and instructional decision-making authority would shift to the local districts. However, the local districts have limited authority over their financial resources and the central office retains the authority to develop instructional policies.

We recommended that to avoid raising public expectations that it believes are not realistic, LAUSD should ensure that there is a clear and complete convergence between what it states in public documents it will do and what it subsequently does. Regarding the plan, LAUSD should periodically report to the Board of Education in open meetings both the extent of discretionary resources allocated to the local districts and the extent to which local district superintendents have decision-making authority over instructional matters.



*District Action: None.*

LAUSD stated that it did not intend for the reorganization plan to be viewed as a firm commitment and strictly followed. Furthermore, it disagrees with our conclusion regarding the extent of authority the local district superintendents have over instruction and discretionary resources. Therefore, LAUSD did not indicate it planned to take the corrective actions we recommended.

**Finding #2: LAUSD has yet to update some job descriptions since its reorganization and has yet to create job descriptions for a few newly created positions.**

In its plan, LAUSD states that nearly all positions are impacted by the current reconstitution of the central office, making it necessary to review all job descriptions. Therefore, we believe it is reasonable to expect to see evidence that LAUSD reviewed each administrative position and either updated its duties or noted that the duties had not changed. However, LAUSD has yet to do so in some instances and a few newly created positions have no existing job descriptions.

We recommended that LAUSD create job descriptions for new positions, or update job descriptions for existing positions when duties change, to ensure that administrators are receiving salaries commensurate with their current job responsibilities.



*District Action: None.*

Despite the language in its reorganization plan, LAUSD disagrees with our conclusion that the plan promised a review of every position and that it is necessary to maintain updated job descriptions. Therefore, LAUSD did not indicate it planned to take corrective action in response to our recommendation.

**Finding #3: In some cases, LAUSD lacked guidance when determining the compensation of certain high-level administrators and was unable to provide much documentation detailing how it set some of these salaries. Also, for one position, LAUSD used an employment consultant that was not independent of the salary-setting process.**

Salaries of administrators are set by three different groups within LAUSD, depending on whether the administrator holds a certification and on how high the position is in the organizational

structure of the district. One of these groups has established guidelines, while two of these groups lack thorough written procedures for setting salaries. All of these groups relied on several different methods, including conducting compensation studies or salary surveys. Other methods included relying on the recommendations of an employment consultant or determining an offer that would attract a candidate it deemed desirable. For one position, LAUSD relied on the recommendation of a consultant whose fee was a percentage of the salary it recommended, a situation which we believe impairs the consultant's independence.

Regardless of the method used to set salaries, LAUSD was not always able to provide documents demonstrating that it performed the procedures it said it did before setting salaries. This lack of recordkeeping, coupled with the lack of guidance when setting salaries, gives rise to the appearance of subjective decision making regarding certain administrative salaries.

We recommended that LAUSD establish written guidelines for setting salaries and follow established processes for determining administrative compensation. In addition, LAUSD should maintain complete records of its salary determination process, including what methods it followed and what information it used, so that the levels of compensation it awards are supportable. This includes requiring that contractors submit all contract deliverables and retaining these documents in its files. Also, LAUSD should refrain from basing an employment consultant's fees on the salary of the position being filled if the consultant is involved in the salary determination process.



***District Action: None.***

LAUSD disagrees with our conclusion on the importance of having guidelines in place when determining the appropriate salary level to award. Therefore, it did not indicate it planned to take corrective action. Furthermore, while LAUSD acknowledged our recommendation that it maintain complete records of its salary determination process, it did not inform us of any corrective actions it planned to take. Finally, LAUSD did not respond to our recommendations to require contractors to submit all contract deliverables and to refrain from basing consultant fees on a position's salary if the consultant is involved in the salary determination process.

**Finding #4: LAUSD did not follow a competitive process when obtaining the services of a facilities consultant whose fees totaled \$477,250 over a one-year period.**

While searching for a candidate to permanently fill the vacancy in its chief facilities executive position, LAUSD relied on the services of an outside contractor. However, LAUSD did not advertise the availability of this contract or seek competitive bids.

We recommended that LAUSD advertise the availability of contracts or positions widely and actively, ensuring that interested contractors or administrators are encouraged to submit proposals or applications for consideration.



***District Action: None.***

LAUSD did not respond to our recommendation.

**Finding #5: LAUSD has yet to create adequate measures to evaluate the job performance for many high-level administrators, and its measures for the general superintendent are in some instances too vague to allow for an objective assessment of the performance of this position. Moreover, the performance measures for the local district superintendents hold these individuals accountable for student achievement even though the central office retains the authority to develop instructional policies that would affect student achievement.**

LAUSD employs many high-level administrators under contracts that refer to performance measures that it has not yet drafted. In addition, for fiscal year 2000–01 each local district superintendent must demonstrate what he or she has done to further the goals of LAUSD in the general areas of reading, mathematics, and the professional development of the teaching staff. However, specific expectations for each of these areas have not been defined. Also, when local district superintendents are accountable for improving student achievement, their level of responsibility may not match their level of authority since the central office controls the development of instructional policies.

Many of the performance measures incorporated into the general superintendent’s contract are also too vague to provide a reasonable basis for evaluating his performance. The general superintendent’s contract lists six performance measures including addressing student achievement; however, some of these measures have vague deliverables and are open to subjective interpretation.

We recommended that LAUSD develop well-defined performance measures for its general superintendent and certain other administrators that will result in an objective assessment for these positions. It should also develop performance measures for those administrators who are currently without them. When LAUSD establishes measures for evaluating the performance of its personnel, it should ensure that the level of authority is consistent with what the staff is held accountable for. In particular, LAUSD should address the potential current inconsistency over the authority given to the local district superintendents and their responsibility for improving student achievement.



***District Action: None.***

LAUSD believes that the local district superintendents have sufficient authority over instruction and that it is appropriate to hold them accountable for improved academic performance. Therefore, it did not indicate it planned to take corrective action. Furthermore, LAUSD did not respond to our other recommendation that it develop well-defined performance measures for those administrators currently without them.

