Executive Summary

The Los Angeles County Office of Education (LACOE) was established in 1852 by the California Legislature. It encompasses 4,084 square miles containing 80 school districts that serve 1,532,559 students in grades K-12, which is 25.86% of California's students (Source: California County Superintendents Educational Services Association (CCSESA), Classification of Counties 2011). LACOE is the largest intermediate educational service agency in the country and the only Class I county office of education in the state. LACOE employs more than 3,400 management and non-management staff in central office operations at three locations in Downey and several other locations across Los Angeles County.

In January 2011, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the interim superintendent of the Los Angeles County Office of Education to conduct a management assistance review. On April 4, 2011, FCMAT and LACOE entered into an agreement for services. Fieldwork was conducted from April 2011 through August 2011 by more than 30 FCMAT staff and experienced consultants selected based on their expertise in specific areas of county office operation or legal expertise and who are either recently retired or currently serving as senior administrators in county offices of education across the state from April 2011 through August 2011. Sections of the report draft were reviewed by LACOE cabinet members in August, September and October 2011, with a final report issued in December 2011. The findings and recommendations in this report comprise consultant expertise in specific areas of county office operation.

This report contains findings and recommendations related to 14 scope points included in the study agreement. The report is divided into sections: the Governance section addresses scope points 1-2, focusing on the relationship between the county superintendent of schools and the county board of education, as well as their roles and responsibilities; the Staffing and Organization section addresses scope points 3-5, focusing on LACOE’s organizational structure and staffing levels; the Fiscal Management section addresses scope points 6-9, focusing on fiscal management and procedures and policies; the Financial Analysis section addresses scope point 10 and is a budget review, multiyear financial projection and cash flow analysis; and the Juvenile Court, Community and Community Day Schools section addresses scope points 11-14, focusing on these types of schools and on special education.

Governance Structure

LACOE’s governance structure is unique among California county offices of education (COEs). The uniqueness derives from the Los Angeles County Charter. Most California counties are governed by general law, but Los Angeles is one of 14 counties in the state governed by a charter. The other 13 are Alameda, Butte, El Dorado, Fresno, Orange, Placer, Sacramento, San Bernardino, San Diego, San Francisco, San Mateo, Santa Clara, and Tehama.

In 44 of California’s 58 counties, the county board members and the county superintendent are directly elected by and accountable to the voters. Almost all county offices of education, including LACOE, are fiscally independent, meaning that they do not function as county government departments and their budgets are separate. Los Angeles is unique in having its county board of supervisors engaged in selecting the county board of education members and the LACOE superintendent.

The Los Angeles County governance structure divides the focus of the superintendent among the needs of his office, the interests of the county board of education members, and the desires of
the county of board of supervisors. Reporting responsibilities are unclear and frequently redundant, which hampers the functions of the superintendent and administrative staff. This report acknowledges that the governance structure has affected the functions of the county office of education and the programs and services it delivers; however, it does not attempt to measure the extent of that impact. The Fiscal Crisis and Management Assistance Team’s (FCMAT’s) recommendations are provided to improve the operational relationship between the office of superintendent and the board of education within the context of the current governance structure.

**Functions of County Boards of Education**

The responsibilities of the county board of education and county superintendent are specified in the California Education Code, though in some cases the code does not clearly define the entity responsible for specific mandates. This report lists the duties of the county board of education by major category, with references to the relevant Education Code section provided for each. Based on the allocation of responsibilities in the Education Code, all functions not identified as county board responsibilities are under the purview of the county superintendent.

The functions of the county board of education include some aspects of governance and policy adoption; fiscal accountability; curriculum and program accountability; and limited personnel and judicial appeals. The board is required to adopt the budget and review the first and second interim fiscal reports, but the superintendent must approve the reports. County boards of education are governing boards of the Head Start program and regional educational program (ROP) when it is maintained by the county superintendent, and the county board is the grantee under certain funded programs. The authority of the county board of education with regard to each program must be reviewed separately.

The Los Angeles County Board of Education has a desire to be more actively engaged in budget development. Board members interviewed agreed that budget development and administration are the responsibility of the superintendent. Some board members indicated that they have withheld budget revisions and approval because of their concern regarding the fiscal health of the office. Others acknowledge withholding approval in order to exert influence in areas of daily operations outside the board’s purview. Board members stated that this was an outcome of long-held frustrations regarding the budget development process, the limited involvement of the board, and a genuine concern that budgets submitted were not sufficient to maintain the county office’s solvency in the future.

However, this practice does not engender mutual trust and will not produce the long-term results sought by the board of education. Within the context of LACOE’s unique governance structure, the superintendent and county board of education must continue to function and strive to develop mutual trust and open communication to ensure optimal operation of county office programs.

Because the role of a county board member is unique, and particularly in LACOE, it is imperative that new board members be provided with comprehensive training regarding the board’s authority, roles and responsibilities, governance structure, policies and practices. The board meets three to four times per month to conduct business. The board also has four sitting committees: audit, curriculum, instruction and assessment, and finance and policy. Some of the functions of these committees overlap and duplicate the functions of the board meetings. Staff must prepare the materials and provide support for all meetings. Therefore the number of meetings is a significant investment of time not only for board members but also for the staff who prepare board and committee materials and support board meetings. The board and superintendent should review
the purpose and need for each committee and standing board meeting and attempt to reduce the number of committee and board meetings.

Functions of a County Superintendent of Schools

The functions and responsibilities of a county superintendent of schools are too extensive to list in this report and are specified in hundreds of California Education Code references. In 1997 and again in 2006, the California County Superintendents Educational Services Association (CCSESA) asked legal counsel to review and identify the general duties and authority of superintendents of schools and county boards of education. The 2006 report was further revised in June 2010 to reflect the increasingly expanded statutory role of county superintendents.

The responsibilities of the county superintendent of schools include administration of the county office, fiscal oversight and assistance to districts and charter schools, operational review, distribution of legal and other information, recordkeeping, credential monitoring, and enforcement of curricula for school districts within the county. The superintendent is also responsible for administering the budget of the county office of education once it is approved by the county board of education and the state superintendent of public instruction (SPI), and for overseeing county office personnel, setting salaries, collective bargaining, special education, community day schools, juvenile court schools, local child care and development planning councils, charter school oversight, and other programs.

Although the Legislature has used the term “county office of education” with increasing frequency in recent years, it is undefined in the statutes. The term county office of education (COE) commonly refers to the organizational structure of the intermediate educational service agency in a given county. In this report, references to a COE are to the agency, not necessarily the role of the county superintendent or the county board of education. Statewide, it is generally understood that when the statutes refer to a county office of education, the legislature intends the responsibilities and authority to lie with the county superintendent unless the language or context clearly indicates otherwise.

Mandated, Core and Value-Added Services

The Education Code imposes many duties and functions upon county superintendents and county boards of education. Core functions and services provided by the county superintendent, county office of education and county board of education are those that are central to their respective roles and that align with the mission of the agency. These include statutory services, mandated functions, and functions required for LACOE to operate.

Value-added functions and services are those services that are permitted in the Education Code or that improve educational services. In LACOE these include educational services, which are those determined by the superintendent to support school districts.

A 2007 CCSESA survey asked county offices statewide to rank 26 areas of service on a five-point scale indicating the degree to which they were considered core/critical. At the time of the survey, LACOE’s administration was not aligned with other county offices of education with regard to program priorities and identifying which programs should be considered core. Of the 26 areas of service, LACOE had 11 areas of reported discrepancy, including significant variances from the average in six of those areas.

Because many of LACOE’s value-added programs require a contribution from the unrestricted general fund, LACOE would benefit from considering specific factors when determining
program viability, including whether the program aligns with LACOE's mission, the value to students or clients, whether it is self-supporting, the amount and source of financial contribution required, and operational efficiencies. LACOE should use its mission as a guide to identify core programs, and establish a system for determining the relative priority of programs that are defined as value-added.

**Organizational Structure and Staffing**

LACOE is organized into the office of the superintendent and six major divisions: Personnel Commission, Human Resource Services, Technology Services, Business Services, Educational Programs, and Educational Services. The divisions vary greatly in size and number of staff employed. They are generally organized by their core function to provide either external support to the 80 school districts the county office serves and to charter schools and community colleges, or internal support to the direct educational programs that LACOE provides to students.

Many departments within LACOE have excessive layers of management and multiple clerical support staff performing similar functions. FCMAT provides comparisons to other county offices of education in the total number of staff employed in each division. In many cases LACOE’s staffing exceeds those of the comparison COEs based on the number of districts or number of students served. This report recommends that some departments, sections or units conduct a desk audit to determine the workload and the type of work on each desk to guide reallocation of workload and reductions in staff. Recommendations for reductions provided in the report are based on the total compensation (salary and benefits) of the least senior position to provide a conservative estimate. A conservative estimate of potential annual savings based on reducing the number of management and support staffing positions is $3,978,000.

County offices of education selected for comparison were the nearest in size, demographics, number of districts served, and other related factors. Although comparative information is useful, it should not be considered the only measure of appropriate staffing levels. County offices are complex and vary widely in how they organize divisions and in demographics, operating programs, job descriptions and resources. Careful evaluation is recommended because generalizations can be misleading if significant circumstances are not taken into account when comparing staffing ratios for specific divisions.

FCMAT found that as programs expanded or new programs were developed, divisions and departments added staff rather than determining if the workload could be redistributed among existing staff. LACOE has not developed staffing plans or ratios to guide management in its hiring or restructuring decisions. In addition, as student enrollment has declined in direct service programs, LACOE has not consistently implemented commensurate staffing reductions in either management or nonmanagement positions. The imbalance of management to employees in LACOE has been problematic for several years as indicated by the 2003 Bridging Document and the 2010-11 organizational chart.

LACOE’s support staffing ratio is driven by past practice rather than by workload. Common practice is to require that a position supervise two staff in order to be classified as management. There is little shared use of clerical support staff within each division. This is not cost effective or efficient, and practices should be revised.

Although individual managers are attempting to streamline the organizational structure in response to ongoing budget constraints, LACOE has no common written criteria to guide their reorganization or consolidation efforts. In addition, FCMAT identified items in the collective
bargaining agreements, and in particular the Bridging Document, that may impede the organization's ability to effectively and efficiently manage operations. LACOE collective bargaining agreements and past practices tend to restrict efforts to eliminate positions or reassign work. LACOE needs to negotiate changes in the collective bargaining agreements, and specifically the Bridging Document, to reduce impediments to management's ability to operate efficiently and effectively.

LACOE does not have criteria for determining the management level required for a specific work assignment or position, nor does it routinely compare workload and responsibilities among positions with similar titles to ensure an equitable distribution of workload and compensation. As a result, there is significant disparity in work responsibilities and in the number of positions supervised by management positions. LACOE should develop criteria to guide decisions to help determine the level of management required when creating new and filling vacant existing positions.

LACOE's workers' compensation rate is 6.20% of salaries, which is very high compared to other county offices of education (for example, the Kern COE has a rate of 1.41%). Based on an estimated cost of $255,000,000 for 2011-12 general fund salaries, LACOE's total annual cost for workers' compensation is $15.81 million at the current rate of 6.20%. Each 1% reduction in the workers' compensation rate would reduce costs by $2.55 million per year.

In May 2003, LACOE and Los Angeles County Education Association (LACEA) entered into an agreement as a result of an impasse in negotiations. This agreement or "Bridging Document" details the negotiated agreements, sets forth the commitment to develop and practice a collaborative or interest-based approach to decision-making and negotiations; and sets forth the commitment of the parties to transform the culture of the organization. Collaboration and improved communication are essential to high-functioning organizations; however, the model prescribed in the Bridging Document became cumbersome, lengthened the disciplinary process, and increased training costs and the number of required staff meetings.

This report identifies several instances of duplication of services within divisions. For instance, many divisions operate small technology, human resources, and/or business services units rather than centralizing these services. In some cases this duplication can be inefficient and costly; in others it allows a department or division to better and more expeditiously serve its clients, but it also contributes to the continuing perception that divisions or departments operate independently, causing a lack of cohesiveness within the LACOE organization.

LACOE uses approximately 18 different data systems and employs a significant number of technology support staff both in its technology division and throughout other divisions to maintain these systems. The LACOE 2010 adopted master plan calls for standardizing equipment, centralizing some services, and supporting certain decentralized technology services, while recognizing that a hybrid of centralized and decentralized technology services is required to optimize operations in an organization of LACOE's size. Implementation of the plan has been incremental. There are many challenges to implementing a plan of this magnitude in an organization as large as LACOE. LACOE should consider commissioning a comprehensive external review of its technology needs and solutions to support both administrative operational functions and instructional applications. With regard to administrative functions, one alternative is for LACOE to research the feasibility of purchasing a fully integrated financial software system that can provide all aspects of accounting, position control, payroll, budgeting, and report generation for both LACOE and school districts that contract with LACOE for financial, budget and payroll services. Another alternative is to upgrade the current PeopleSoft application to perform many of these same functions.
Fiscal Management

LACOE has a number of fiscal management practices that need to be evaluated in order to strengthen current operations in the areas of position control, internal controls, payroll, purchasing, accounts payable, accounts receivable, communications, budget development and monitoring, and AB 1200 oversight. Many business functions will require revising policy and procedures, while others will necessitate strengthening internal controls. FCMAT’s report considers each of these areas in detail and provides many recommendations.

FCMAT found that the supplemental fiscal information that is brought to the county board of education does not contain all the components necessary to provide a complete analysis of the budget and interim financial reports. Staff presentations to the board need to have a consistent format and content, and board members should receive ongoing training and guidance on reviewing and assessing financial information to help them make informed decisions.

Upon examining a test sample of consultant and personal service contracts, FCMAT noted several concerns regarding adherence to county office policies, division procedures, and internal controls, including the following:

- Several contracts had no attachment detailing the scope of work, deliverables or milestones to indicate that payment was warranted, making it difficult to evaluate the need for a contract.

- There were issues with contracts with a value of $50,000 or more. Per the Contracts Section desk manual, contracts for more than $50,000 are required to be reported to the board. The Report of Contracts does not appear to be included in policy and finance meetings, nor is it posted on the LACOE website in the Board Agendas and Minutes link. This inhibits public accountability with regard to the use and payment of contractors and is in conflict with the desk manual. In addition, this provision in the desk manual may conflict with Education Code Section 1281, which states that consultant agreements of $25,000 or more that require budget revisions shall be incorporated into the agency’s next interim report.

- Amendments to several of the contracts reviewed were approved only a few months after the original contract, often doubling or tripling the contract amount. Best practices would include a full cost estimate of the services in the original contract for proper budgeting and cost monitoring. In addition, multiple concurrent contracts are used for projects that appear similar in nature.

- Between July 1, 2008 and June 17, 2011, LACOE expended $1.5 million on contracts with temporary agencies. Typically, permanent employees, substitute pools, retirees and other qualified candidates are less costly than temporary employment agency personnel. The temporary clerical support pool administered by the Personnel Commission, which began in 2009-10 and expanded in 2010-11, has resulted in efficiencies and should continue into 2011-12, requiring divisions to access this pool before filling a temporary office worker position.

Financial Analysis

FCMAT performed a detailed reconciliation comparing the financial data from three databases: position control, budget and payroll. A comparison of the second interim report to position control data indicated a total variance of $4,041,525. In addition, the position control to payroll
variance was determined to be $1,798,340. These discrepancies need to be researched and adjusted so future data will be more accurate.

FCMAT found examples of discrepancies when comparing the databases, such as the following:

- Thirty-five employees were categorized in limited-term positions, which calculates to a potential annual cost of more than $3 million in salaries and benefits that is neither included in the position control database nor encumbered in the payroll processing system.

- Costs for active vacant positions were not adjusted at interim reporting periods; rather, they were allowed to show the full annual budgeted cost of salaries and benefits, calculated in the general fund to be $6.2 million for unrestricted resources, and an additional $17.7 million for restricted resources, for a total cost of more than $24 million in salaries/benefits in vacant positions with active status. A fully automated financial system would allow position control data to generate budget amounts year round, eliminating the need for manual adjustments.

FCMAT used LACOE's 2010-11 second interim financial report and the corresponding SACS data file, as submitted to the state Superintendent of Public Instruction, as the starting point to conduct an external and independent review of the LACOE general fund budget and to prepare a multiyear financial projection and cash flow analysis. This review was not an audit or an opinion on how LACOE presents its financial statements, and should not be directly compared to any other reporting period or reports that LACOE has produced, such as year-end actuals. The budget was reviewed at a given point in time; it does not include activity or decisions made subsequent to FCMAT’s fieldwork.

The multiyear projection and cash flow analysis specified in scope point 10 of the study agreement are normally performed at a specific point in time; therefore it is expected that the actual numbers of FCMAT's analysis will vary from any current budget detail that has been produced by the county office staff. The scope point clearly indicates that FCMAT's budget analysis was to be done at the end of the second interim reporting period. The most recent analysis that the county office completed was the comprehensive annual financial report (CAFR) the end of fiscal year 2010-11. The two reports have significantly different fund balance amounts, due in large part to two separate and different analyses being performed at different times. This is in no way indicative of an error in either report. Rather, these are two separate analyses being performed at different times and are not meant to be compared. This is because deferrals and other revenue recognition methods are used at year end closing but not during interim reporting periods.

FCMAT reviewed LACOE's financial information and prepared an independent financial analysis of LACOE's fiscal health by producing an independent multiyear financial projection. The following factors have been identified as contributing to LACOE's fiscal issues:

- Program dependency on general fund unrestricted resources
- Prior year program deficit balances
- Declining enrollment
- State education funding deficits
- State education funding payment deferrals

FCMAT’s analysis, based on current financial information, indicates that the LACOE will be able to meet its current obligations in the current and first subsequent fiscal year (2010-11)
and 2011-12) and will not require an emergency state appropriation for these two fiscal years. However, this is based on the 2011-12 state budget as enacted and does not take into consideration any mid-year reductions or additional cash deferrals that may occur.

FCMAT’s projection indicates that the LACOE’s reserve balance, including balances in fund 17, Special Reserve for Non Capital Outlay, will decrease to 3.65% at the end of fiscal year 2011-12 and will be completely depleted by 2012-13. Further, the analysis indicates that in the absence of significant revenue increases or significant expenditure reductions, LACOE will have a negative general fund balance, will be unable to meet its financial commitments, and will be unable to meet its reserve requirements during fiscal year 2012-13. FCMAT’s analysis of LACOE’s unrestricted budget reveals an ongoing deficit spending cycle in both restricted and unrestricted resources that erodes the county office’s fiscal health each year.

To retain its status as a going concern and avoid the need for outside assistance or intervention in future years, LACOE will need to make significant budget adjustments (e.g., expenditure decreases and/or revenue enhancements). More specifically, to offset deficit spending, declining enrollment and reduced state funding, LACOE should address the ongoing structural deficits in programs for which expenditures significantly exceed the provided funding. Further, reliance on one-time revenue sources from the American Recovery and Reinvestment Act (ARRA) and Federal Education Jobs funding will require LACOE to revisit staffing levels to ensure that operational levels are in line with revenue projections. In the absence of significant budget adjustments, LACOE will be in severe financial distress and require outside assistance during fiscal year 2012-13.

**Juvenile Court Schools, Community Schools, Community Day Schools, and Special Education**

LACOE operates alternative education programs through its juvenile court school, county community school and community day school. These programs serve approximately 20% of the total court school pupils in the state, making its programs at least twice the size of those of any other county office of education in California.

Over the past decade, there has been a shift of California’s most serious juvenile offenders from state-operated California Youth Authority/Department of Juvenile Justice programs to county-operated juvenile court schools. The magnitude of the shift, its programmatic and fiscal implications, and the absence of a related funding increase have placed enormous pressures on juvenile court school programs.

Effective program operation requires extensive interagency cooperation and communication. FCMAT identified issues with ineffective communication between the LACOE Division of Student Programs and the Los Angeles County Probation Department in developing policy and procedures. Minimal attention was given to the specific ways in which the two partner agencies function and how their roles are interdependent. The juvenile court school and community day school program delivery system is less than optimal and needs clear, careful attention to collective planning, organizational and personal relationship building, and information sharing.

Juvenile court schools are funded by a complex model unlike typical K-12 school districts. However, student enrollment and average daily attendance (ADA) are the primary factors in the funding model. A decline in enrollment is exacerbated by considerably low attendance rates. Enrollment and attendance figures indicate that only 81.48% of the juveniles in LACOE facilities attended school, compared to 95.86% in the four county offices that were used for
comparison in this report. Increasing the juvenile court school program attendance rate to the average of the four selected comparison counties would generate approximately $4.6 million in new revenue annually, with no increase in expenditures necessary to accommodate the increased attendance rate.

Using the 1997-98 staff ratios and/or Los Angeles County Education Association (LACEA) collective bargaining agreement ratios as guidelines, LACOE’s current staffing ratios are significantly higher than those necessary to deliver special education services and ensure compliance with state and federal law. LACOE’s juvenile court, community and community day schools had a combined average ratio of 11.4 pupils to one teacher; Class II county offices of education used for comparison had an average ratio of 17.8-to-1.

Increasing the pupil-to-teacher ratio in LACOE’s juvenile court school program (11.5-to-1) to the level of comparable counties (12.7-to-1) would result in a reduction of 23 teachers (from 239 to 216) and produce a net budget savings of approximately $1.8 million.

The student-to-staff caseload for school psychologists is not included in the LACEA collective bargaining agreement, primarily because psychologists are classified as management. Consequently, the student-to-psychologist caseload of 35-to-1 was established by LACOE and the SELPAs. At that level, the number of psychologists needed for the current or combined student population in these alternative programs would be 11.11 instead of the current 24.

If LACOE’s juvenile court school program used the same pupil-to-site administrator ratio as the average of the four comparison county offices of education, the number of principals/assistant principals would decrease from 25 to fewer than nine. Pupil-to-site-administrator ratios in the comparison counties, which have larger geographic areas than Los Angeles, have increased in recent years because of budget pressures. A reduction in staffing to the level of comparable counties has the potential to save approximately $1.9 million annually.

LACOE may also be able to reduce the number of juvenile court schools and community day school/community school site level and central office administrators to achieve a ratio closer to that of comparable county offices. The potential reduction in operational cost is $382,000.

Significant improvement has been made in staffing ratios in the alternative education program for the current year, but based on the identified overstaffing in 2009-10, additional reductions in teacher staffing will likely be justified to realize a savings of $3 million annually.

The recommendations contained in this report can reduce the LACOE juvenile court school, county community school, and community day school expenditures by a total of approximately $20 million, improving the integrity of these budgets. These recommendations and potential savings are based on the expectation that these programs operate at a level of efficiency equal to that of comparable county offices of education offering the same programs.

Approximately $8.5 million of the $20 million in savings would result from the additional revenue generated primarily from increasing enrollment/attendance rates to the levels of comparable counties and focusing on reimbursement requests for Medi-Cal administrative activities (MAA) and Medi-Cal-eligible activities. Most of the remaining $11.5 million in savings would be the result of reducing staffing for teachers, administration, counselors, and special education services to that of comparable counties.
It may not be possible to implement some recommendations immediately because of contracts with certificated bargaining units or settlements resulting from lawsuits. Some recommendations and related savings could be realized immediately or within two years if fully implemented.
LOS ANGELES COUNTY OFFICE OF EDUCATION
SUMMARY OF CHANGES SINCE COMPLETION OF FCMAT STUDY

The Los Angeles County Office of Education (LACOE) contracted with the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct a detailed management review of its operations. LACOE requested the review to study how best to improve its effectiveness and efficiency as a public educational services agency.

The review involved FCMAT staff conducting meetings and interviews with LACOE executive leadership, certificated and administrative staff, external clients, and members of the Los Angeles County Board of Education from April through July 2011. The report is a “snapshot” of conditions and reflects the operations of LACOE as they existed before July 2011.

Since the fieldwork ended in July, LACOE has made operational and other changes in many of the areas studied and addressed in the FCMAT report.

LACOE, under the direction of County Superintendent of Schools Arturo Delgado and his Executive Cabinet, fully accepts the report’s findings and recommendations and the challenge it faces in dedicating itself to prioritizing and undertaking the many recommended reforms. The FCMAT study can guide LACOE in implementing new strategic organizational opportunities.

With the support of the County Board of Education, the Office is committed to change and bringing about smart improvements to programs and services. LACOE appreciates the opportunity to present a summary of the changes it has made to date since FCMAT completed its fieldwork.

BUSINESS SERVICES

- Business Services Recommendation #2 (page 90): Study the feasibility of reorganizing the divisions and reducing the number of separate departments.

Business Services initiated consolidation of three internal business divisions into two divisions, eliminating a layer of administration and support services in September 2011. Business Services continues to analyze the business functions within the two reconfigured divisions to eliminate redundancies of service and identify areas that could benefit from an expanded use of technology. The Grants Project Management Unit has been moved from the Controller’s Office into Accounting and Budget Development to provide for better communication and collaboration with the accounting departments.

- Business Operations Recommendation #1 (page 95): Conduct a desk audit of secretarial support positions in the Business Operations department to determine the number of hours required to complete the work assigned to each position, and rebalance workload and adjust staffing as needed.

As part of the consolidation of the internal business divisions, a study of clerical positions was conducted. Duties were consolidated and several clerical positions will be eliminated as of December 31, 2011. Clerical support will be shared by two or more managers, eliminating the current one-to-one ratio of support. Clerical support staff will be cross-trained and reassigned to areas of need during peak periods to eliminate the need for temporary staff.

- Business Services/Board recommendation #1-3 (page 166): (1) Utilize staff input as well conduct a board survey to guide staff in developing the content and format of routine supplementary information that
accompanies the budget and interim reports. Set a specified period of time during which the format of the supplementary information remains unchanged, thus ensuring familiarity with the information by the users and comparability of information between time periods. (2) Use a consistent format and content throughout the organization for budget presentation materials prepared for the board and delivered by staff. Provide ongoing training by the Communications department on effective presentation styles to the staff that are responsible for making budget presentations. Allocate adequate time during meetings to ensure board members and the public have appropriate access to the information. (3) Provide board members with ongoing training and guidance on reading and assessing financial information on state reports and specially developed supplementary reports so they gain sufficient mastery to make informed decisions. Provide an overall orientation of budget reports and financial statements to all new board members.

Business Services is currently delivering budget information to the Board in a revised format that provides a more comprehensive and transparent representation of the county office budget. This new format was implemented in July 2011. All Board members receive training on the LACOE budget subsequent to their appointment. The most recently appointed Board members were provided with an expanded orientation and training to assist them in understanding the new budget presentation format. This expanded training is available to all Board members on request.

• **Budget Development Recommendations #6 (page 189):** Ensure all staff responsible for budget development and monitoring have access to online financial information.

The Office will present budget materials in electronic form for development of the 2012-13 budgets. LACOE is moving toward the elimination of printed financial reports for budget monitoring and is expanding training opportunities for staff to be able to navigate the PeopleSoft system. Budget trainings will be presented to Educational Programs site principals and staff that focus on the specific needs of site budgeting, with an emphasis on balancing revenue to expense in the budget process.

• **Fiscal Management Recommendation #19 (Page 178):** Provide ongoing training on internal control, good business practices, and strategies for categorical or restricted funds management to managers responsible for effective and timely use of program dollars.

As part of the restructuring of Business Services, the Grants Projects Management (GPM) unit was moved from the Controller’s Office to the division of Accounting and Budget Development (ABD) to better align those functions with ABD’s accounting and budgeting functions and provide more comprehensive fiscal oversight of the restricted programs. GPM, in collaboration with the Budget Section, is planning budget development workshops specifically for managers of grant- and restricted-funded programs.

• **School Financial Services Recommendation #5 (page 111):** Consider conducting a desk audit of the work of the positions identified in the narrative.

The firm of Vavrinek, Trine, and Day has been engaged to perform an efficiency study of all business processes used by the division of School Financial Services to determine that these processes are current and comprehensive, that there are appropriate internal controls, and that the staffing pattern and alignment are adequate but not excessive.

• **Business Operations Recommendation #2 (page 95):** Consider consolidating the Transportation Unit’s two transportation planner positions to one position while one of them is vacant.
Positions are being studied in the Transportation Unit. The position of Transportation Officer has been eliminated. A lead position is being developed to handle daily operations, communications, and administrative duties and one planner/specialist position will be eliminated.

- **Business Operations Recommendation #6 (page 95):** Consider assigning facility department staff to oversee construction projects from start through closeout.

A construction manager position that oversees construction projects through completion has been added to the Facilities department.

- **Payroll Recommendation #3 (page 113):** Consider implementing employee absence tracking software that is capable of printing leave balances on each employee's monthly payroll stub.

The Office has sent out a Request for Proposal for development of an automated leave balance tracking system, with a closing date of November 17, 2011. Evaluations of proposals will be completed by the end of November.

- **Business Operations Recommendation #7 (page 95):** Provide sites and departments with access to the business operations work order software so that work order requests may be submitted electronically.

Business Operations has contracted with a vendor to customize the School Preventive Maintenance Management System to be able to provide web-based electronic building facility requests. The system is anticipated to roll out as a pilot in January 2012. Training will be provided office-wide prior to full implementation.

- **Purchasing Recommendation #6 (page 216):** Evaluate end of year purchase cut-off periods and warehouse procedures to reduce costly end of year bottlenecks and excessive overtime in the warehouse.

An overall assessment of the warehouse has been initiated to evaluate current processes for receiving and delivery to identify more effective ways to expedite the receipt of goods at LACOE sites. Cross training of staff in Business Operations units will provide additional assistance during peak periods and avoid the need for overtime or temporary workers. In addition, Business Services will work with other divisions to create a more reasonable flow of requests for goods processed through the warehouse and avoid year-end bottlenecks.

- **Purchasing Recommendation #9 (page 217):** Consider grouping JET mail and warehouse deliveries and installing on-board GPS tracking devices, computerized routing, and off-hour driving and delivery times.

The Office has researched the cost of installing on-board GPS tracking devices in the Joint Educational Transit (JET) mail and warehouse delivery vehicles. Installation should be completed by February 2012.
• Multi-year Projections and Cash Flow (Appendices)

The multi-year projection presented by FCMAT varies significantly from LACOE’s final audit for 2010-11 due to varying factors, including the differing assumptions used for development, timing factors, varied methodologies in recognition of revenue, the absence of closing adjustments, and the treatment of grant-funded positions going forward when funding is no longer available.

LACOE is cognizant of the ongoing impact to the budget due to revenue reductions, declining enrollment, and revenue deferrals. In 2010-11, adjustments were made that reduced the overall budget in 2011-12 by $10 million and resulted in a significant increase to the ending balance for 2010-11. The Office will continue its restructuring effort to develop the 2012-13 budget to deal with ongoing fiscal challenges presented by Educational Programs and in anticipation of additional reductions to the revenue limit.

EDUCATIONAL PROGRAMS

• Educational Programs Recommendation #2 (page 343): Contact the juvenile court school programs and county probation departments in other counties to determine the strategies they employ to maximize enrollment and attendance.

LACOE staff has joined a county office of education email listser. This resource provides opportunities to discuss and review strategies to maximize enrollment and attendance and address ongoing Educational Programs’ challenges. Additionally, the LACOE superintendent and assistant superintendent of Educational Programs visited the Harris County Juvenile Probation Department in Texas on October 28, 2011, to review and discuss their teaching, learning, and classroom program.

• Educational Programs Recommendation #1 (page 347): Prepare budgets in consideration of the goals and priorities of LACOE and the program.

The goals and priorities in the Single Plan for Student Achievement (SPSA) are now aligned with the Board-approved Local Educational Agency Plan (LEA) Plan and District Assistance and Intervention Team (DAIT) recommendations. The LEA Plan specifically outlines the priorities for expending these funds. Each of LACOE’s Principal’s Administrative Units (PAU) is required to write a SPSA.

LACOE’s Consolidated Application delineates all state and federal categorical funding for the current and previous year.

The aforementioned alignment will help provide for the appropriate and timely expenditure of state and federal funding.
• Educational Programs Recommendation #3 (page 317): Implement a system of monitoring attendance. This system should monitor attendance at all levels beginning with the individual site reports, intermediate principal administrative unit, and region reports and ending with a compiled report at the assistant superintendent level. Reports should be completed annually, weekly, and during the reporting period. The county office should standardize reports on EPIC that can provide the level of detail necessary to provide daily monitoring at the site level.

LACOE has designed a new set of EPIC screens specific to student attendance monitoring. The new screens will provide principals with information on daily attendance accounting by individual teachers. Principals will be able to identify classrooms where attendance is incomplete. As such, they can contact the teacher to review and accurately update his/her daily attendance records. Additionally, principals will be able to review individual student-level attendance data. The director and regional directors will have the capacity to monitor the attendance reporting process daily, weekly, and monthly.

• Educational Programs Recommendation #1 (page 356): Maximize the use of Title I funds to support some of the new and restructured services that are determined to be critical to student achievement. These could be used to offset potential program costs if this use complies with Title I guidelines.

Several new and restructured services were identified in the DAIT recommendations and written into the LEA Plan. These new services will help address student achievement needs and priorities identified in the LEA Plan. They include the hiring of seven math specialists who will provide professional development and technical assistance to teachers and principals. Additionally, positive behavior intervention and support specialists will be hired to help address classroom discipline and student management issues. Data specialists will be hired to help instructional staff analyze student-, classroom-, and school-level data to improve practice.

• Educational Programs Recommendation #8 (page 128): Implement security procedures for educational technology to ensure that technology is used for appropriate educational purposes.

Computer profiles at the camps and halls have been updated to include additional security systems. These profiles will make it more difficult for students to access computer software programs without appropriate teacher direction and support. Furthermore, students will be unable to access Internet services.

• Educational Programs Recommendation #3 (page 343): Develop a process for the county probation department and county office to jointly make decisions on the exclusion (lock-out) of county office employees assigned to a juvenile detention facility.

LACOE staff has developed a draft process for addressing the problems that arise when teachers are prohibited from working in the camps by the Department of Probation. This process will provide for a more collaborative response to effectively address incidents that result in a teacher being locked out from the camps and halls. The ultimate goal is to expedite the investigation process and establish agreed upon criteria for reentry into the work setting.
EDUCATIONAL SERVICES

- Educational Services Recommendation #1 (page 152): Review the programs and services provided by Educational Programs and Educational Services divisions for opportunities to consolidate. Consider reorganizing the Division of Educational Programs and the Division of Educational Services and organizing the various programs and services based on whether they are provided to students served directly by LACOE or externally to school districts. Review the organizational structures from Class II county offices to provide models to consider for consideration.

A reorganization plan was developed in July and will undergo evaluation by Executive Cabinet. The divisions have taken the first steps in consolidating LACOE services provided directly to students. The assistant director and literacy curriculum and instructional consultant from Educational Services have been providing direct services to principals and teachers in Juvenile Court Schools. ROP programs are established at some schools sites with plans for further expansion. Additionally, parent-training consultants from the Parent and Community Services department in Educational Services provide parent training at all Juvenile Court Schools.

- Curriculum and Instructional Services Recommendations #4 (page 134): Review the longitudinal attendance records of workshops and determine if attendance has remained strong or declined and if warrants continued workshops in specific areas.

Attendance information and workshop evaluations are now reviewed for follow-up needs, for elimination, or for continuation on the next year’s schedule of workshops. A web-based survey tool ("Survey Monkey") and discussions with district instructional leaders are used to obtain direct feedback on specific workshops and seminars. Through this review/feedback process, the focus of training on the Common Core State Standards was established.

- Curriculum and Instructional Services Recommendation #6 (page 134): Consider alternate methods of delivering training to reduce costs, such as through the CDOL and LACOE’s television studio.

Educational Services and Technology Services collaboration meetings were established in the summer of 2011 and continue to be productive in identifying and implementing alternative training delivery systems.

The collaboration with Technology Services has produced joint projects that use electronic delivery systems, such as the Student Mental Health Project. The Center for Distance and Online Learning has provided for cost-saving delivery platforms for curriculum/instruction and teacher training such as the English Language Methodology series.

Conversion from face-to-face training to online training, streaming, and webinars has provided clients with time-saving alternatives and the office with cost reductions.

- Head Start Recommendation #1 (page 146): Work with the Personnel Commission to create job titles and descriptions that reflect the unique job responsibilities and background for the employees assigned to its fiscal operations and support unit.

The interim Head Start director is now working with the Personnel Commission to develop and revise job titles and descriptions for employees in fiscal operations, monitoring, and key management positions.

- Head Start Recommendation #3 (page 146): Implement recommendations related to internal controls and oversight.
Since August 2011, administrative staff has begun to develop a plan to analyze the internal controls and oversight units in terms of the number of employee hours required to complete site compliance reviews. This will involve analyzing the number of site visits required and the projected number of technical assistance visits needed. Data will be used to adjust staffing requirements. Internal fiscal controls and program compliance will also be studied. Review of the Head Start staffing structure will be guided by the federal Office of Head Start requirements.

HUMAN RESOURCE SERVICES

- **Human Resource Services Division Recommendation #2 and #3 (page 71):** Conduct desk audits of the workload and responsible level of each position in the Human Resource Services Division. Adjust workloads and eliminate positions as appropriate.

Human Resource Services (HRS) has started a comprehensive review of employee workloads and job descriptions, which will be aligned with desk audits. The review and results will be reflected in the HRS Strategic Plan. Many management positions in the division were eliminated during the 2010-11 fiscal year. HRS will continue to reorganize and redistribute work accordingly during the 2011-12 fiscal year.

- **Human Resource Services Division Recommendation #6 (page 71):** Reconsider the need to maintain a separate technology unit within the Human Resource Services Division. Review its technology needs in conjunction with LACOE’s Technology Services Division to determine if its needs can be met through that division without a reduction in technology-related services but at a reduction cost to LACOE.

An assessment of technology-based projects and needs in HRS has been initiated jointly with Technology Services. This ongoing evaluation will consider the potential benefits of transitioning elements of the HRS Information Services unit to TS for more efficient delivery of services.

- **Human Resource Services Division Recommendation #9 (page 72):** Immediately take steps to more closely manage and control Workers’ Compensation costs, including the following:
  
  - Investigate the validity of Workers’ Compensation claims.
  - Require fitness for duty examinations, and review claims regularly for any needed follow-up including settlement of claims where warranted.
  - Use knowledge from past experiences to help ensure workplace safety.

Recently transferred to HRS (as part of Business Services’ reorganization), the current Workers’ Compensation team has developed new practices to ensure efficiency in the unit. Workers’ Compensation claims are now reviewed with the assistant superintendent of Human Resources on a weekly basis. Recommendations from the team are considered and communicated to LACOE’s Workers’ Compensation carrier. The unit is working closely with LACOE’s general counsel on fitness for duty examinations as well as interactive process meetings for reasonable accommodations. A section will be added to the HRS strategic plan regarding Workers’ Compensation.
TECHNOLOGY SERVICES

- **Technology Services Recommendation #2 (Page 83):** Research the feasibility of a fully integrated financial software system that can provide all aspects of accounting, positions control, payroll, budgeting, and report generation for both LACOE and school districts that contract with LACOE for financial, budget, and payroll services. Involve both internal and external users in the feasibility study.

Technology Services (TS), in collaboration with the School Financial Services department of Businesses Services, has initiated a modernization project to develop and implement a software upgrade to LACOE’s HRS payroll system. When fully implemented, the system will provide leave accounting, payroll warrants, and retirement reporting.

TS has initiated a study to determine whether to acquire a new enterprise resource planning software solution or continue modernization of existing financial/information systems.

- **Technology Services Recommendation #3 (Page 83):** Review the technology division’s role, responsibility and structure, and the technology services provided by departments other than the TS division.

In August 2011, TS completed a LACOE-wide assessment identifying the hardware and software used throughout the Office. This study, although not part of the Technology Master Plan, was necessary to determine the feasibility of consolidation and to develop implementation requirements.

- **Technology Services Recommendation #5 (Page 84):** Develop a plan for staff development, particularly in regard to technology and software programs necessary to complete assigned tasks.

TS has begun implementation of an internal training curriculum, including Information Technology Infrastructure Library (ITIL v3) certification and online technical software training.

The Instructional Technology Outreach department (ITO) offers all LACOE staff Microsoft Professional- and Apple-certified employee software training.

- **Technology Services Recommendation #5 (Page 84):** Consider reorganizing the division and reducing staffing as part of the division’s budget reductions.

The Network Operations, Telephone Services, and Personal Computing units were restructured and assigned to one division, resulting in two FTE reductions. Educational Technologies Network consolidated with multimedia distribution services, resulting in the reduction of one FTE. PeopleSoft billing returned to Business Services with the reduction of two FTE. The above changes resulted in five FTE reductions effective July 1, 2011.

Due to consolidation of operations and greater use of digital and web resources, Library Services relocated to the Education Center, a move that reduced building lease costs. In addition, TS reduced its budget for non-mandated services by 25 percent in FY 2011-12. This resulted in the reduction of non-salary hours and the elimination of six vacant FTE positions.
• **Technology Services Recommendation #8 (Page 84):** Develop timelines and actions for implementing critical portions of the Technology Master Plan such as the standardization of technology equipment.

Since July 1, 2011, TS began the first year of a multi-year implementation of the TMP. Division heads and their direct reports are now required to include appropriate sections of the TMP in their annual performance objectives.

• **Technology Services Recommendation #16 (Page 84):** Establish a plan and timeline for replacing and supporting the LACOE telephone system that ensures these tasks will be accomplished no later than 2015.

TS has established a timeline and identified requirements to develop an upgrade plan of LACOE's telephone system by FY 2014-15.

• **Technology Services Recommendation #17 (Page 85):** Establish a technology hardware and infrastructure replacement program and timeline

TS has developed and is now implementing a plan to conduct an inventory of all technology infrastructure (e.g., servers, switches, routers, storage system). Results of the inventory will help establish a replacement plan.

**CLOSING**

This summary of operational and other changes at LACOE since FCMAT completed its fieldwork represents the beginning of a reform process. The Office takes to heart and embraces the recommendations offered, and will take full advantage of this opportunity to improve its effectiveness. The result will be an organization better able to serve students and enhance public education in Los Angeles County.