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Decentralization at the Los Angeles Unified School District

by *George Beck* and *Sharon L. Segrest-Purkiss*

Abstract

The LAUSD is the largest school district in the State and is charged with the responsibility of educating over one-fifth of the children in California. Taken individually, each of the LAUSD's eleven local districts would rank in the top twenty in the State in terms of student population. The District is LA County's second largest employer, and with an annual operating and capital budget of over nine billion dollars, it brings together a diverse range of active and dynamic stakeholders.

In 2000 the LAUSD found itself at a crossroads. In response to growing criticism and the threat of a State-mandated break-up due to the poor performance of their schools, the District created eleven mini-districts to improve accountability and take instructional programs closer to the people who use them. This paper provides background on the LAUSD's decentralization effort and power sharing aspects of the District's self-imposed break-up, and recommendations for addressing these issues are postulated.

Keywords: Distributive Justice, Collectivist/Individualistic, Mexico

Background

On March 14, 2000 the Los Angeles Unified School District's Board approved a program to dramatically change the organizational structure of their District. The plan, titled "*Eleven Local Districts, One Mission: A Multiple District Plan for Transforming the Los Angeles Unified School District*" was designed to address the LAUSD's poor performance in teaching students basic English and math skills.

The plan called for the creation and empowerment of eleven local districts, each staffed by a Local District Superintendent and support staff, to energize the District's instructional program. Local District's were to receive the resources necessary to improve test scores in their District (the universal measure of performance in the District), and the authority to use those resources as they and their constituents deemed appropriate.

LAUSD Board members initiated the study and the plan it resulted in for several reasons. To be sure, test scores in the District were abysmal, with a third of the District's eight hundred thousand K-12 students reading below grade level. Another, more visceral concern was the State of California's threat to "take over" the LAUSD because the District was perceived as failing in its mission to provide education to the region's children. This was not

an idle threat, as the State had previously taken over two other school districts, including Compton Unified School District in Los Angeles County, and operated them for several years.

State takeover concerns were allayed by two events in 2002; the defeat of ballot measures to allow the San Fernando Valley to form its own city, and a proposal in Carson, California to break away from the LAUSD to form an independent school district. In response, the State Board of Education announced that studies of the break-up of the LAUSD were to be suspended, effectively killing opposition to the District. With these events the primary impetus behind decentralization was eliminated.

Over the past three years that the local district structure has been in place school districts throughout the country have been under increasing financial pressure. Even though State funding has increased in each of the last three years, these increases have not kept pace with previously negotiated contracts increases for teachers and other represented groups. The net result has been a continuous ratcheting down on discretionary expenses.

With these eroding conditions as a backdrop, it seemed likely that the local district model of accountability and control would collapse, as powerful stakeholders competed for resources that continue to become less plentiful. Nevertheless, the eleven local districts survived, albeit in a form that only superficially reflects the intent of the original mission statement and plan.

Centralization vs. Decentralization

A company or a school district can be structured in two, general ways; as a mechanistic entity that operates according to strict rules and conventions, or as an organic organization that operates with flexibility and few rules (Kreitner & Kinicki, 2001). Organic organizations are responsive to change and non-bureaucratic. Mechanistic organizations on the other hand operate with strict rules, top-down management, and well-defined tasks. Research has not supported one form of organization as superior to the other. Each has its place, depending on the environment in which it is operating.

In the discipline of organizational theory there are two schools of thought regarding the proper structure of an organization. Henri Fayol, representing the so-called school of administrative principals, believed there were universal principals of management that were applicable to any administrative setting. The contingency approach on the other hand theorizes that there is not one best way to structure an organization. Contingency approach advocates believe organizations must adapt to their environment to be effective.

School Districts tend to be highly mechanistic, with financial, administrative, and instructional policies and standards set and controlled by a cen-

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tral authority. In California, the average school district is comprised of ten or fewer schools, and many school districts serve just one or two schools. In such small organizations a strongly mechanistic organization makes sense; providing policy direction in addition to core services such as accounting, finance, and capital improvements presents opportunities to realize economies to scale while still being accessible to the community.

Large, urban school districts such as the LAUSD represent a significant challenge to the mechanistic school model. In a recent study by William G. Ouchi of UCLA's Anderson School of Management three large, urban, centralized school districts (New York, Chicago, and the LAUSD) were compared to three decentralized districts (Slater, 2003) (Seattle, Houston, and Edmonton, Canada). Hiring decisions, textbook selection, professional education, and allocation of other monetary resources are the responsibility of the school in a decentralized system. Central staff is responsible for those activities that make sense to do collectively for cost/benefit reasons. Payroll processing, accounting, auditing, and information technology are typical examples of duties that fall to a central office in such a system. Principals in decentralized systems typically have control of 75 percent of their budgets or more.

According to Ouchi school performance in a decentralized system is markedly superior to a centralized one. Decentralized schools spend more in the classroom than those in centralized districts (Ouchi states the LAUSD spends 45% of its resources in the classroom while Edmonton spends over 60%) (Daft, 2001). Additionally, principals in centralized schools were much more aware of their budgeted resources and their students' achievement records than principals in centralized systems.

Not surprising, Ouchi's study found superior performance for students who attend decentralized schools. What is also telling is that Ouchi, who once served as former Mayor Richard Riordan's Chief of Staff, would identify the LAUSD as a highly centralized organization three years after it "decentralized". Apparently Dr. Ouchi and his team were not impressed by the 11 mini-district decentralization plan as adopted by the LAUSD.

The plan adopted by the LAUSD in 2000 called for the devolution of the LAUSD, or the breaking up of the District into meaningful, largely autonomous units. This is exactly the kind of restructuring that Ouchi claims have been so effective. Yet, from their origin, the LAUSD's local districts never had this kind of independence. In fact, in many cases, just the opposite occurred.

Because several of the District's schools were failing by such a wide margin (based on test scores), the State Department of Education (CDE) directed the Superintendent of the LAUSD to assume personal responsibility for their performance, theoretically taking them away from the Local Dis-

trict in which they are located. The CDE recognized one responsible authority for improvement - the central LAUSD organization.

It would appear the contingency approach to organization is most applicable to school districts as size, revenue sources, community involvement, culture, history, and a host of other factors influence the way a particular district performs its work. Few organizations are purely mechanistic or organic; most have elements of both forms of organization to varying degrees. The LAUSD remains a highly centralized organization; however, demand for performance improvements has created the need to be more in touch with the communities they serve. In the near term it appears the only way this can occur is with local districts.

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“Decentralization” at the LAUSD three years later

Realigning power relationships in educational institutions to give greater control at the local level is not unique to the United States. A wealth of literature exists on the efforts undertaken around the world on ways to “reform” K-12 education. In Mexico a major nation-wide decentralization effort began in 1992 with the national government transferring significant responsibility for K-12 education of 14 million students the country’s 31 states. In China, educational leaders have oscillated between highly centralized and decentralized schools since the 1950’s.

The Los Angeles Unified School District’s decentralization plan, adopted in March, 2000 was itself one in a long history of reorganizations that attempted to improve student achievement and school accountability. In years past these reorganizations have resulted in the creation of school “clusters”, “divisions”, “regions”, and so forth. The latest plan, however, was more ambitious and more focused on making fundamental change to the way the District is organized. Among the goals established in the 191 page plan were the following “fundamental changes”:

1. The central office will be reconstituted to provide tactical support, services and compliance monitoring functions for the eleven Local Districts...
2. Eleven largely autonomous Local Districts will be created and staffed.... they will have “substantial control over resources and the autonomy to make most decisions about the instruction of children”.

Three years later neither of these objectives have been achieved.

According to the plan, LAUSD central activities were to be significantly restructured with, its fundamental responsibility as being the driver of the education agenda in the District, shifting to that of facilitator and supporter of Local Districts who would perform this function. This initiative was doomed from the start.

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Central district authorities, including the elected board of education could not unilaterally relinquish their authority, and responsibility for the District's schools even if they wanted to because it is a state-chartered organization, and as such it is held accountable by State, Federal, and other regulatory entities for funds entrusted to the District, and the performance of its schools. Without recasting the legal structure of the LAUSD, little substantively could be done to fundamentally change whom these external entities were going to hold accountable; it will always be the central authority.

Local Districts have survived three years of budget cuts, and in spite of their non-existent legal status, and weak organizational support, have managed to accomplish something the central district could not; they have raised student's test scores. They have also developed connections with their communities through the formation of Parent Community Action Committees (PCAC's), and committed time and resources to foster more involvement by parents and other concerned parties. Local District's have created conduits through which citizens feel they have access and input into their community's school.

Hence, even though the original 11-District model adopted three years ago has not been implemented as intended, local districts are providing valuable linkages with their communities and contributing to overall improvement in service delivery to the District's 900+ schools.

Comprehensive decentralization efforts have floundered elsewhere. Bruce Bimber, in a study commissioned by the Rand Corporation's Institute on Education and Training concluded that decentralization has generally failed "not because the premise is flawed but because the true locus of power remains where it has always been - - with school boards, central office staffs, and state authorities."

What the Future May Hold for the LAUSD's Decentralization Initiative

Despite the criticism, local districts have allowed the highly bureaucratic, centralized LAUSD to become more responsive to the communities they serve, and as a result, it can be expected they will be retained for the foreseeable future. The original decentralization plan was overly optimistic regarding the amount of change that could be put into motion at one time. Giving local districts true autonomy would have meant creating mini-bureaucracies that would have had many redundant elements.

Pure decentralization can only be accomplished by abolishing the current legal entity and creating smaller, independent school districts that have their own elected boards and administrative functions. However, the

cost of such an initiative precludes it from becoming a viable alternative in the near term.

While breaking the LAUSD up into more manageable pieces has proven to be very difficult, individual schools wishing to break away have had more success. The process, of breaking away from a school district and becoming a "charter school" has been alternative over 1,700 schools have chosen nationwide. Within the LAUSD fifty schools have been permitted to "opt out" of the District via the chartering process. As recently as last week, a divided school board permitted Granada Hills High School to become a charter school, making it the largest school in the nation to reorganize in this manner.

Charter schools are controversial because they are perceived to exacerbate inequality and ethnic separation, take resources away from Districts, and are removed from a level of oversight other schools must work under. In the LAUSD's board of education election which concluded May 20, 2003 candidates with financial backing of the District's teacher's union defeated incumbents who favored charter schools. With a four member majority on the seven member school board, anti-charter advocates will likely reject future charter appeals from the District's schools, leaving local districts as the only mechanism to provide parents, students, and citizens a voice in their local school's operation.

Conclusion

The likelihood of achieving desired outcomes in an organization is enhanced when its structure is in alignment with its strategic objectives. The LAUSD's organizational structure has evolved over time in concert with prevailing standards of the education profession. The creation of local districts is the latest in a long line of "reorganizations" instituted to enhance the LAUSD's performance. However, organization of budgetary, accounting, administrative, legal, and other elements of the District's operation are at variance to a truly decentralized structure.

Given this political and economic reality, District policymakers should design a structure for the organization that is congruent with its long-term strategic vision, and a management control system that reinforces and complements it. Recommendations for facilitating this process are attached as an appendix.

The LAUSD will continue to be the organization charged with educating the children of Los Angeles for the foreseeable. Decentralization efforts are evidence that the District has a clear and somber perspective on their accomplishments, and are focused on improving their performance. The local district model of organization, while certainly not perfect, is a step in the right direction.

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Appendix: Summary of Recommendations

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1. Recognize the organic and mechanistic aspects of the organization; “right size” tasks to be performed and align them with expected outcome. This is not a formulaic process; it requires judgment. Decentralize what makes sense to decentralize.
2. Promote / lead wholesale revision to the way funds are programmed in school districts. The funding process should be linked with a performance measurement system that ties inputs to desired outcomes. Programming funding at the school (vs the District) level should lead to greater accountability for school performance. District responsibility would then be targeted on oversight responsibilities.
3. Have central office personnel commit to serve only as a “pass-through” for funds received.
4. Consolidate and simplify report generation in the District’s various automated financial systems.
5. Standardize the way schools and Local District access automated information.
6. Develop an in-house cross-training program that brings school-based individuals into the central offices to work for a period of time (perhaps 1-2 years) for training and professional growth purposes.
7. Counsel with Local District administrators before implementing major policy initiatives.
8. “Right-size” automated and manual controls to minimize their intrusiveness. Recently it came to light that one Local District had over \$11 million dollars in outstanding encumbrances (funds reserved for purchases), some of which were years old. Controls in place to match funding, receiving documents, and invoices needs to be constantly evaluated for effectiveness.
9. Create “big picture” controls that illuminate on a routine basis problematic trends in the organization’s accounting structure.
10. Develop a clearinghouse function that would be charged with the responsibility of making sure duplicative; conflicting policies are eliminated before a new policy is issued by anyone, anywhere in the LAUSD.
11. Develop and enforce strong controls over who can enter into contracts on behalf of the LAUSD. Establish a zero-tolerance policy for “after-the-fact” contracts by creating vendor agreements with the District’s 400,000 vendors that include stiff penalties for firms and employees who violate these covenants.

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12. Simplify and minimize the amount of direction going to schools. Create “office manager” positions at larger schools that are tasked with the responsibility of maintaining compliance with established policies, thus freeing principals to focus on their instructional leadership responsibilities.
 13. Central budget authorities should institute processes to validate budget transfers and purchases made during the last two months of the fiscal year and share this information with local district management.
 14. Spending plans adopted at the beginning of the fiscal year should be enforced through year-end.
 15. Funding agreements should be negotiated that reward *both* service delivery and careful stewardship of public resources. Administrators should be encouraged to save money when this is an otherwise appropriate course of action.

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