

## *San Joaquin County Grand Jury*



### **STOCKTON UNIFIED SCHOOL DISTRICT 2008/2009 San Joaquin County Grand Jury Case No. 01-08E FOLLOW UP FINAL REPORT**

#### **SUMMARY**

The 2008/2009 San Joaquin County Grand Jury chose to follow up on prior year Case 08-07, Stockton Unified School District (SUSD). Jurors wanted to determine if the Board of Education corrected the problems of the past and had implemented recommendations.

The SUSD official response to the 2007/2008 Grand Jury Report attempted to refute many of the findings and downplay many of the recommendations by claiming they were implemented prior to the investigation. Portions of the response were unusual in that they gave jurors the impression SUSD was in a state of denial and more interested in argument than cooperation. Further, SUSD appeared to have retaliated against staff that supposedly provided information that led to the Grand Jury investigation.

The 2008/2009 Grand Jury also received three new complaints relating to SUSD. One complaint alleged the Superintendent placed a relative who did not reside within SUSD boundaries in a SUSD preschool program for disadvantaged youth. The other two complaints alleged numerous issues ranging from a misuse of funds by adopting the Success for All program prior to approval by the California Department of Education to the Superintendent's supposed protection of Hell's Angels associates.

What the 2008/2009 Grand Jury found was a far different picture. Hiring a new Superintendent represents the single largest change since the 2007/2008 Grand Jury Report was released. SUSD is fortunate to have a Superintendent with vision who is committed to making a difference in education. Where there was only rhetoric, there is action. Where there was a passive acceptance of academic failure, there is new thinking, new activity and renewed hope for improvement.

#### **BACKGROUND**

After publication of the 2007/2008 Grand Jury Report, major changes in SUSD Administration and the Board of Education occurred. The former Superintendent retired and several other key officers within SUSD Administration left the District. Three new Trustees assumed office following the November 2008 election.

During the 2007/2008 school year SUSD was the 18<sup>th</sup> largest school district in California, with approximately 38,000 students. Enrollment has declined slightly in recent years but SUSD continues to have the largest total enrollment of any school district in San Joaquin County. SUSD operated 55 schools, including 5 high schools and employed 1758 full-time equivalent teachers.

Annual expenditures for SUSD during the 2007/2008 school year were approximately \$387,500,000. Expenditures for instruction and all other categories are within 1% of the statewide average. Expenditures per Average Daily Attendance were slightly higher than the State average.

SUSD is administered by a seven member Board of Education. Trustees represent districts within SUSD and serve four-year terms. Board meetings are held on Tuesdays at 7:00 p.m. in the Boardroom, 701 N. Madison St., Stockton, California. Meeting dates and agenda are posted online at <http://www.stockton.k12.ca.us/SUSD/welcome/board.htm>

## **METHOD OF INVESTIGATION**

### **Materials Reviewed**

- Stockton Unified School District Financial Statements (for year ending 6/30/08)
- Over 20 separate media reports concerning SUSD
- SUSD web site <http://www.stockton.k12.ca.us>
- Ed-Data web site <http://www.ed-data.k12.ca.us>
- Contracts for 14 non-instructional consultants approved by SUSD Board of Education during the current school year
- List of positions created by the Superintendent during the current school year
- Fiscal Crisis & Management Assistance Team (FCMAT) report, March 2009
- General Ledger Transactions report, 3/1/09 – 4/10/09, Superintendent's Location
- Bylaws of SUSD 1852 Foundation (a California Non-profit Public Benefit Corporation used to conduct fundraising activities for the 150<sup>th</sup> year celebration)
- Accounting summary for Save Stockton High School Sports luncheon, clinic, athletic programs and banquet
- Measure Q Project Status Report, SUSD Facilities Planning Division
- Recommendations for Resetting Measure C and Measure Q, SUSD Facilities Planning Division, 1/22/09
- Agenda, Citizen's Oversight Committee, 3/3/09
- Minutes, Citizen's Oversight Committee Meeting of 2/3/09

### **Interviews Conducted**

- Superintendent, SUSD
- Trustee, SUSD
- Superintendent, San Joaquin County Office of Education

**RECOMMENDATIONS: 2007/2008 GRAND JURY; 2008/2009 GRAND JURY FINDINGS**

1. SUSD Trustees reduce the dollar cap that can be spent for non-instructional and administrative consultants without Board approval. Trustees or a committee of Trustees review consultant contracts to ensure there is a need that employees can not fill and that a meaningful product will be produced.

Board of Education Response: The recommendation requires further analysis.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. The Superintendent now gives all consultant contracts to the Board for approval. The Board receives professional, well-prepared documents containing adequate information to make informed decisions.**

2. SUSD Trustees limit the use of non-instructional and administrative consultants to specific, short term jobs. The primary responsibility of running the District belongs with SUSD employees.

Board of Education Response: This recommendation was implemented prior to the Grand Jury's investigation.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. The Superintendent created and filled several new positions with SUSD employees to perform tasks formerly done by consultants.**

3. SUSD Trustees re-examine the policy of allowing the Superintendent to create positions and hire employees without a competitive application process.

Board of Education Response: This recommendation will not be implemented at this time.

**2008/2009 Grand Jury Finding: This recommendation has been partially implemented. The Superintendent retains the ability to create positions and hire without competitive process. The Grand Jury believes the Superintendent used the power wisely when reorganizing SUSD administration. Most administrative positions were filled with qualified personnel from the pool of current SUSD employees, rather than going outside the District.**

4. SUSD Trustees conduct a thorough, independent audit of restricted (categorical) funds received from State and Federal sources with extra emphasis placed on AB1113 funds. In addition, an audit of purchases made by management be conducted on an annual basis until public confidence is restored.

Board of Education Response: This recommendation is being implemented at this time.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. SUSD retained the Fiscal Crisis and Management Assistance Team who conducted an audit of all operations and prepared a 195 page report. Most facets of SUSD operations received high ratings. However, the section of the audit dealing with categorical funds**

**did not. Section PA 5.6 of the report contains 9 findings and 12 recommendations for improvement of SUSD’s management of categorical funds. The conclusion of the section reads simply: “Standard Implemented: Not Implemented, Rating: 0.” The range of ratings are from 0 (lowest) to 10 (highest).**

5. SUSD Trustees or a committee of Trustees periodically review purchases made by management as a whole and by individual management team members to ensure strict written guidelines are enforced.

Board of Education Response: This recommendation was implemented prior to the Grand Jury’s investigation.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. The Board of Education receives a thorough report entitled “General Ledger Transactions - Superintendents Location” that lists all purchases. The level of detail provided in the report has improved dramatically under the current Superintendent.**

6. SUSD Trustees carefully review the budget and question policy decisions made by SUSD management to ensure the District is being run in a prudent, economical, and legal manner.

Board of Education Response: This recommendation requires further analysis, which will take place as the Board and staff prepare the 2008-2009 budget.

**2008/2009 Grand Jury Finding: This recommendation is being implemented. The Superintendent is providing concise, reliable data to the Board of Education.**

7. SUSD Trustees review and approve plans for future District-wide fund raising activities. The Grand Jury recommends creation and use of an independent foundation for fund raising activities.

Board of Education Response: The recommendation has not been implemented, but will be implemented this fiscal year.

**2008/2009 Grand Jury Finding: This recommendation could easily be implemented, should district-wide fund raising occur in the future. SUSD staff found the Bylaws for SUSD 1852, a nonprofit corporation, created for the 150<sup>th</sup> anniversary celebration. It was inexcusable for the previous Superintendent and Board not to reactivate and use an existing foundation when fundraising for the Celebrity Waiter Luncheon.**

8. SUSD management provide thorough and accurate accounting of all district-wide fund raising activities undertaken by SUSD. The information must be made available to the public on demand.

Board of Education Response: This recommendation was implemented prior to the Grand Jury’s investigation.

**2008/2009 Grand Jury Finding: The recommendation is likely to be implemented if SUSD conducts district-wide fund raising with a foundation. With additional oversight**

from an independent organization, it will be much more difficult to conceal the source of funds and how they were spent.

9. SUSD Trustees ensure SUSD management is held accountable for their actions.

Board of Education Response: This recommendation is being implemented.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. Three new Trustees were elected in November 2008 and a new management team is in place.**

10. SUSD Trustees and management work as a team to accomplish common objectives and not lose sight of the District's mission which is to educate the children of the District.

Board of Education Response: This recommendation has been implemented.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. SUSD has a solid management team in place. The Superintendent has vision and is a strong proponent of improving student outcome. He is looking at all facets of SUSD and implementing necessary changes.**

11. The Board of Trustees manage the recent bond measure in a timely and effective manner and regain the public's confidence.

Board of Education Response: This recommendation has been implemented.

**2008/2009 Grand Jury Finding: This recommendation has been implemented. The Board established a Citizen's Bond Oversight Committee to oversee both Measure C and Measure Q Bonds. The Superintendent has proposed numerous changes to proposed bond projects. Current plans for high school renovation may be replaced with plans to build new high schools.**

12. (No recommendation #12 from the 2007\2008 Grand Jury)

**2008/2009 Grand Jury Finding: The Superintendent and Trustees took a calculated risk in using the Success for All program. The program was not approved for use by the California Department of Education. The Grand Jury believes this risk was justified.**

13. (No recommendation #13 from the 2007/2008 Grand Jury)

**2008/2009 Grand Jury Finding: The Superintendent and Trustees took a calculated risk in offering SAT testing and preparation training at no cost to students. Approximately 70% of seniors participated, up from 8% the year before. Again, the Grand Jury believes the risk was justified.**

14. (No recommendation #14 from the 2007/2008 Grand Jury)

**2008/2009 Grand Jury Finding: The Superintendent resides within Stockton city limits and within the Lodi Unified School District. A family member was enrolled in a SUSD**

**pre-school program targeted to disadvantaged youth. All supporting documentation was reviewed by the Grand Jury and appeared to be in order. Further, the Superintendent kept a promise he made to enroll family members at SUSD.**

**RECOMMENDATIONS: 2008/2009 GRAND JURY**

- 1. The Board of Education and Superintendent continue to take an occasional calculated risk to improve student performance and outcome.**
- 2. The Board of Education and Superintendent thoroughly review the March 2009 Fiscal Crisis & Management Assistance Team (FCMAT) report and implement the recommendations.**

**RESPONSE REQUIRED**

**Pursuant to Section 933.05 of the California Penal Code:**

The Board of Education shall report to the Presiding Judge of the San Joaquin County Superior Court, in writing and within 90 days of publication of this report, with a response as follows:

As to each finding, a response indicating one of the following:

- a. The respondent agrees with the finding.
- b. The respondent disagrees with the finding, with an explanation of the reasons therefore.

As to each recommendation, a response indicating one of the following:

- a. The recommendation has been implemented, with a summary of the action taken.
- b. The recommendation has not yet been implemented, but will be with a time frame for implementation.
- c. The recommendation requires further analysis, with an explanation of the scope of analysis and a time frame not to exceed six (6) months.
- d. The recommendation will not be implemented, with an explanation therefore.

**DISCLAIMER**

One grand juror did not participate in this follow up report due to a possible conflict of interest.