



## CSIS California School Information Services

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June 2, 2011

Robert Frausto, Superintendent  
Kerman Unified School District  
151 South First Street  
Kerman, CA 93630

Dear Superintendent Frausto:

The purpose of this management letter is to confirm the findings and recommendations formulated by the Fiscal Crisis and Management Assistance (FCMAT) for the special education study conducted at Kerman Unified School District. These findings and recommendations were discussed at the exit meeting held in the district conference room on April 13, 2011.

As discussed in the orientation meeting and determined by the district, FCMAT will not provide a final report; this management letter culminates the on-site work conducted April 11-13, 2011. The scope and objectives of this study are as follows:

Conduct a comprehensive review of the special education delivery and determine how the program can be more cost efficient. The review will include recommendations to reduce the level of contributions from the unrestricted general fund while sustaining the quality of services and meeting the legal requirements of the program.

Review maintenance of effort, and determine if all options are considered for funding special education, this includes but is not limited to Medical Administrative Activities, Title I, II, and III.

Evaluate the effectiveness of the staffing process for certificated staff and classroom aides including class size ratios and provide recommendations, if needed.

1. Review staff development process and offerings for both special education and general education staff.
2. Review pupil count, percentage of special education identification and compare with statewide average. Make recommendations for identification process.

## Special Education Program Delivery

Using a calculation based on the district of residence, the percentage of students enrolled in special education at the Kerman Unified School District has increased consistently since 2007-08. Its current identification rate of 12% exceeds the statewide average of 10%. The district is in its first year of Response to Intervention implementation. More time will be needed to adequately measure its impact on the number of special education students. At some sites, as many as half of those referred for special education services are ineligible. Monitoring the number of referrals that result in special education placement by site will help the district determine the effectiveness of the referral process and implementation of Response to Intervention.

### FCMAT

Joel D. Montero, Chief Executive Officer

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Reductions in some eligibility categories such as autism, hardness of hearing, and multiple disabilities were found, which can reduce a district's special education budget. The number of students with speech and language impairment (SLI) has increased significantly over the past four years. The staff indicated that this increase of 53 students from 2008-09 to 2009-10 occurred because of a lack of speech therapists in the 2008-09 school year, which resulted in a backlog of referrals that were processed in 2009-10.

Last year, 34.9% of identified special education students were eligible for SLI services compared with the county average of 25.8 % and the state average of 24.6%. This year, 36% of special education students were identified as SLI. This increase in caseloads above the state average is costly. An audit of speech and language caseloads will provide the district with data necessary to address overidentification. Requesting assistance from the Fresno Special Education Local Plan Area (SELPA) to review each of the speech caseloads will also help the district determine whether any students have reached their goals or potential and can transition from the program. If any SLI students have language goals and are in a resource or special day class, these goals can be met in the classroom, and they could be leave the speech program. If some students' primary concern is learning English as a second language, and they were therefore inappropriately found eligible for special education, they should be transferred from speech services. Following this review, if the district determines that it can transfer students based on appropriate placement, it may be able to eliminate a speech and language pathologist position, resulting in an annual savings of approximately \$80,000.

The district does not provide a continuum of grade levels for special day classes (SDCs) at one school site. As a result, students are in one elementary school in grades K-3 and must move to another school in grades 4-6. General education students can remain at their school sites in K-6. Offering the full sequence of grade levels in SDC at a site would reduce the need for students to transition and could result in cost savings in transportation.

The district contracts with a private vendor for a .5 full-time equivalent (FTE) speech therapist and a .6 FTE occupational therapist. The district is ending its .5 speech language pathologist (SLP) contract because of the hiring of a 1.0 FTE district bilingual SLP, which could help reduce speech caseloads and increase cost-effectiveness in assessing bilingual Spanish-speaking students. The district will receive twice the service time for less money than is currently expended for the half-time contracted SLP. The current vendor is not a certified nonpublic agency, and the district does not use the SELPA contract for these services. Although the state requires districts to contract only with nonpublic agencies, this is not enforced, and there may be cost and quality reasons to continue with the current vendor. Using the SELPA contract instead of the vendor-provided contract may benefit the district since a number of items in the SELPA document protect the district's liability and would not be included by the vendor.

The district has 67 students in the Fresno County of Education program, and the current allocation model provides revenue for these programs. Because the district would not receive additional SELPA funds if its students were not served by the county office program, it would not be cost efficient to return students to the district. However, if the allocation model changed to one that is more reflective of costs/student, the district should consider which students could be served by district programs and which county office programs could be operated by the district.

The special education coordinator approves requests for transportation for district of service students. The district budget is \$116,000 for this school year, and no required form is completed by the IEP team to support the request. The district should request assistance from the Fresno SELPA to develop a transportation decision flowchart to incorporate into the current process. This would help in monitoring the provision of transportation services.

The special education coordinator approves requests for additional paraeducators (tutors), but there is no formal process to determine the need for this type of support. The district has four paraeducators, which is considered to be a reasonable number. The district should consider using the process available through the SELPA, which is based on evaluation, data and a plan for transitioning from these services.

## Maintenance of Effort

While federal maintenance-of-effort (MOE) requirements have serious fiscal consequences, they also provide opportunities to reduce the district's MOE standard. These opportunities permit the district to reduce the level of expenditures it must make in a given year and reduce the MOE standard in the future.

For example, the district had a reduction of 12 students between 2009-10 and 10-11 and a per capita local expenditure rate of \$5,405 per student in 2009-10. A reduction of 12 students at a rate of \$5,405 would permit the district to reduce its maintenance of effort from \$4,007,870.57 to \$3,943,001.97. This allows for a \$64,869.60 reduction in local spending on special education programs while still demonstrating MOE. Since this is a known factor, the special education administrator, the human resources office and the fiscal office could work together to effect budget reductions in that amount in 2011-12. The special education administrator should understand all factors that can lead to reductions in MOE requirements, and these should be provided to the fiscal office for follow-through.

Last year, the district also missed an opportunity to reduce its MOE, an oversight that was common throughout the state because fiscal personnel were not made fully aware of MOE reduction opportunities. The district must demonstrate that it has not supplanted local funds with federal funds.

As a result, Kerman Unified and many other districts did not reduce their MOE standard by 50% of the increase in Part B federal funds from one year to the next. That means that if the district's IDEA allocation increases by \$500,000, it may reduce its required contribution from local funds by \$250,000. Kerman Unified and other districts discontinued the process when they demonstrated that they complied with MOE requirements. Since ARRA funds were considered an increase for the 2009-10 year, the size of the ARRA allocations almost doubled the amount of federal funds received in 2008-09. Therefore, the district missed the opportunity to reduce its MOE standard by \$98,171.90 for 2009-10, provided that they expended those resources for the purposes of the Elementary and Secondary Education Act. This would have more than covered the reduction in special education expenditures resulting from the reduction in force of tutors last year.

FCMAT met with personnel at the Fresno SELPA office and the state Department of Education and verified that the MOE standard for this year is \$2,616,405.27 of combined state and local funds or \$5,405.80 per capita.

Effective communication and a common understanding of the importance of budget oversight are the best ways to maintain cost-effective program operations. The program, fiscal office, and human resources staffs lack a collaborative process for budget development and oversight. Each of these has a critical perspective from programmatic and staffing needs to budgetary accuracy, all of which affects the district's overall fiscal efficiency.

The district should improve collaboration among its special education, fiscal office, and human resources staffs. At a minimum, these staffs should collaboratively review the adequacy of the current year budget as they plan and develop a budget for the subsequent year. They should also jointly monitor the budget at first interim and begin considering staff changes that may be required for the coming year. This will ensure that personnel decisions can be made early.

Team-building efforts do not need to be focused solely these three areas. Most of the district's administrative staff members are relatively new to their positions. Some have extensive experience and expectations while others have limited administrative experience.

A review of the operating budgets and the MOE reports from the last four years found that the number of students varied greatly with an increase of 63 students, and the level of general fund contribution (LGFC) had less variation.

Kerman Unified has the second highest per-child contribution from unrestricted funds in the SELPA. The SELPA-wide average percentage of total expenditures from the general fund is 7.14%, and the percentage for Kerman Unified is 20.47%, which is the third highest in the SELPA. This percentage does not include state school costs, SDC revenue limit transfers, or indirect support costs. The full list of the districts ranked highest to lowest is included as an attachment to this letter.

The district should request the SELPA to review its allocation model again. The fact that a large number of districts have a LGFC of less than \$1,000 or no LGFC at all suggests that this variation is caused by other factors besides programmatic differences.

The budget review found no significant increases in a particular program or service over that period. Issues that may otherwise affect program costs have been addressed in other sections of this letter. However, FCMAT found some coding concerns. For example, some speech therapists are coded under Function 3150 while others were coded as Function 1190. One external contract that appeared to be an NPA was coded as Function 1190, but probably should have been coded to Function 1180. Several service staff members were charged to Goal 5001. This practice makes it difficult to determine the true costs of a specific program.

The district should consider reviewing its chart of accounts and making revisions as appropriate. Proper coding is important for the accuracy of fiscal information. The coding should be consistent and, to the greatest extent possible, used in a manner which reflects the program to which it applies. For example, unless it is impractical, program expenditures should be charged to the appropriate specified goal instead of the unspecified goal, 5001. This facilitates greater accuracy in measuring the cost-effectiveness of individual programs.

The district has initiated the collection of data necessary for filing claims for Medical Administrative Activities (MAA) funds. The district's socioeconomic status suggests that it may gain significant levels of funding from this activity. The district plans to initiate school-level Medi-Cal billing next year, which will strengthen pupil services without using additional resources from the general fund.

The district should finalize its processes for full implementation of MAA billing in the coming year. The district should consider offering census week activities to ensure capture of accurate and complete best information for MAA billing. The district should also ensure Medi-Cal support is available for those who qualify at every IEP meeting.

The district should implement the school Medi-Cal billing program next year. Every probable provider according to Medi-Cal guidelines should fully prepare to initiate activities in August. To encourage acceptance, staff members should be assured that benefits from Medi-Cal billing and MAA funds will accrue to their programs.

The district uses Titles I, II, and III funds in locations other than special education; however, a significant number of students may be eligible for Title I and/or Title III funds as well as IDEA and AB 602 funds. The district should review the School Based Programs Coordination Program to determine whether it might provide greater program flexibility.

Because Hispanics make up approximately 80% of the district's population, Kerman Unified should consider a greater blending of Title I, II, and III services and special education services whenever appropriate. The Title III staff particularly should help in the development of linguistically appropriate goals for students receiving special education services. The district should review the School-Based Programs Coordination Program (SBPC) and review some programs operating in similar districts to determine whether the SBPC could contribute to more flexible programming and fewer referrals for special education.

## Staffing

If it is determined that additional staff members are required, the request begins with the special education administrator, who discusses the request with human resources. They discuss costs and benefits, and if they agree, the issue is submitted to superintendent, who takes it to the cabinet for discussion. If the new position is approved, it is sent to the fiscal staff for inclusion in the budget.

The district staff indicated that this practice does not fully involve the fiscal staff until the end. This can easily lead to overstaffing, increased program costs, and a reduction in the cost-effectiveness of program operations. Except for cases of urgency, the district should consider developing a hiring process that considers the fiscal implications at the outset. In this manner, the discussion can be conducted in a fuller context with all aspects considered.

The district ratio of one psychologist to 2,265 general education (K-12) students exceeds the statewide average of 1,328:1 reported through the California Basic Education Data System (2008-09). A recent informal survey completed through the SELPA organization indicates that the current average is closer to 1,500:1. The district would need to add 1.4 FTE in school psychologists to align staffing with the statewide average. Since this finding, the district has reorganized special education administration duties by assigning the coordinator of special education to a 0.8 school psychologist position. The district will continue to maintain the coordinator's duties related to representing the district at "high priority services" for the coordinator in relation to special education law, IEP development, and school site programing. The director of curriculum instruction and assessment will assume substantial duties previously performed by the coordinator to support this reorganization, which could improve student and staff support at no additional cost.

The district could maintain the psychologist ratio at the current level of 2,265:1 or continue to employ two psychologist interns (80%) at an additional staffing cost of \$40,000. This is an efficient way to increase services without adding permanent full-time staffing with benefits. The average cost of a psychologist in the district is \$102,995, and the average cost of \$20,000 per intern would result in an annual savings of \$82,995.

The caseload for the adapted physical education teacher is 25, which is less than the statewide average of 55. The district should consider a reduction in staffing at this position if the caseload remains at 25 for the 2011-12 school year. The district could also consider dividing the funding for this position, half for adapted physical education and half for general education physical education. Another option is contracting half of this service to other districts or the Fresno County Office of Education, resulting in an annual savings of \$34,000.

The average (K-12) speech caseload of 61 exceeds the average caseload for DIS (designated instruction) speech outlined in Ed Code Section 56363.3. The caseload for the .8 FTE language, speech and hearing specialist in preschool is within the legal requirement outlined in Ed Code Section 56363.3. The caseload limitation is 40 students. The district employs two five-hour aides to provide additional supports for speech and language services. This exceeds the Education Code requirement for speech and language services. Greater efficiency could be achieved by eliminating these two positions for an annual savings of \$27,702.

The average caseload for resource specialist program staff is 23, which is well within the caseload requirements outlined in Education Code. There are noticeable inequities in caseload distribution. To achieve greater staffing efficiency, the district should consider balancing caseloads to an average of 23 students whenever possible. The level of instructional aide support for the resource specialist program is consistent with requirements in EC 56362 (5) (f).

The average caseload for mild to moderate special day classes is 15 students compared to the statewide guideline of 12-15. The average caseload for moderate to severe classes is nine students, which is within the statewide guideline of eight students.

## Staff Development

All teachers, general and special education, attend weekly on site meetings and staff development. Each site keeps a thorough log of all weekly and RtI meetings, with attendance and agendas. In addition, all teachers have received training on administering assessments such as benchmarks, Diebels, etc; however, some staff members indicated that teachers are not comfortable in interpreting the data and therefore do not use it effectively or efficiently. Teachers will need additional training on using the data obtained from the various assessments to identify student needs and develop appropriate remediation strategies

The special education staff has had opportunities to meet this year to discuss compliance issues and the special education self-review. The staff has not met for job-alike meetings or for sharing/problem-solving.

Special education teachers and support staff members are informed about staff development opportunities available through the SELPA and county office. Because of difficulties in obtaining substitute teachers, the staff reportedly has been unable to access these training sessions.

As the district requested, the study team has collected and analyzed data and interviewed the school district staff to develop this management letter, with a brief on-site visit. A more complete analysis would require more on-site time to formulate in-depth findings and recommendations. If you have questions or require additional information, please contact me at 661-204-0579.

FCMAT would like to thank the staff and administration for their cooperation. We hope this management letter will be beneficial to all concerned.

Sincerely,



William P. Gillaspie, Ed D  
Chief Management Analyst

<u>District</u>	<u>LGFC</u>	<u>Total Direct Exp</u>	<u>LGFC as Percent of Total</u>
Pine Ridge	\$ 7,402	\$ 31,427.77	23.55%
Golden Plains USD	\$ 239,442	\$ 1,088,329.73	22.00%
Kerman Unified	\$ 820,585	\$ 4,007,870.57	20.47%
Riverdale Jt. Unified	\$ 134,349	\$ 746,481.45	18.00%
Fowler Unified	\$ 237,020	\$ 1,384,641.12	17.12%
West Fresno Elem	\$ 84,152	\$ 702,132.47	11.99%
Central Unified	\$ 1,210,164	\$ 10,322,563.55	11.72%
Washington Union HS	\$ 48,399	\$ 478,079.93	10.12%
Parlier Unified	\$ 166,091	\$ 1,678,477.68	9.90%
Orange Center Elem	\$ 11,873	\$ 187,067.43	6.35%
Coalinga/Huron USD	\$ 151,816	\$ 2,830,512.48	5.36%
Kings Canyon USD	\$ 428,404	\$ 8,734,572.90	4.90%
American Union Elementary	\$ 5,000	\$ 112,031.77	4.46%
Kingsburg Joint Union Elem	\$ 54,642	\$ 1,533,469.07	3.56%
Burrel Union Elem	\$ 1,248	\$ 39,198.75	3.18%
Alvina Elementary	\$ 1,634	\$ 74,991.50	2.18%
Mendota Unified	\$ 7,129	\$ 983,015.04	0.73%
Clay Joint Elem	\$ 245	\$ 62,047.25	0.39%
Firebaugh-Las Deltas USD	\$ 4,230	\$ 1,578,816.44	0.27%
Pacific Union Elem	\$ 300	\$ 176,489.36	0.17%
Westside Elem	\$ 129	\$ 200,734.56	0.06%
West Park Elem	\$ 100	\$ 302,114.57	0.03%
Big Creek Elem	\$ -	\$ 95,881.79	0.00%
Big Picture High	\$ -	\$ -	0.00%
Caruthers Unified	\$ -	\$ 744,981.48	0.00%
Kingsburg Joint Union HS	\$ -	\$ 429,294.47	0.00%
Laton Joint Unified	\$ -	\$ 294,981.57	0.00%
Monroe Elementary	\$ -	\$ 45,985.25	0.00%
Raisin City Elem	\$ -	\$ 173,966.14	0.00%
Sanger Unified	\$ -	\$ 6,167,046.24	0.00%
Selma Unified	\$ -	\$ 3,263,339.57	0.00%
Sierra Unified	\$ -	\$ 1,717,100.94	0.00%
Washington Colony	\$ -	\$ 337,635.51	0.00%
	\$ 3,606,950	\$ 50,525,278.35	7.14%

Note: The Adjusted LGFC does not include State School Costs and SDC Pevenue Limit Transers

Note: The Total Direct Expenditures do not include Indirect Support or PCRA

2009-10	Contrib Total	State School Costs	SDC RL Transfer	Actual Contrib	UDC	per UDC
PINE RIDGE	\$ 7,402	\$ -	\$ -	\$ 7,402	3	\$ 2,467
KERMAN	\$1,049,385	\$ -	\$ 228,800	\$ 820,585	484	\$ 1,695
GOLDEN PLAINS	\$ 312,232	\$ -	\$ 72,790	\$ 239,442	156	\$ 1,535
RIVERDALE	\$ 134,349	\$ -	\$ -	\$ 134,349	91	\$ 1,476
WEST FRESNO	\$ 84,152	\$ -	\$ -	\$ 84,152	76	\$ 1,107
CENTRAL	\$1,210,164	\$ -	\$ -	\$1,210,164	1124	\$ 1,077
FOWLER	\$ 237,020	\$ -	\$ -	\$ 237,020	225	\$ 1,053
PARLIER	\$ 257,765	\$ -	\$ 91,674	\$ 166,091	199	\$ 835
KINGS CANYON	\$1,169,718	\$ -	\$ 741,314	\$ 428,404	779	\$ 550
WASHINGTON HS	\$ 48,399	\$ -	\$ -	\$ 48,399	91	\$ 532
COALINGA-HURON	\$ 588,179	\$ -	\$ 436,363	\$ 151,816	320	\$ 474
ORANGE CENTER	\$ 41,473	\$ -	\$ 29,600	\$ 11,873	28	\$ 424
AMERICAN	\$ 5,000	\$ -	\$ -	\$ 5,000	12	\$ 417
BURREL	\$ 1,248	\$ -	\$ -	\$ 1,248	4	\$ 312
KINGSBURG ELEM	\$ 54,642	\$ -	\$ -	\$ 54,642	215	\$ 254
ALVINA	\$ 1,634	\$ -	\$ -	\$ 1,634	11	\$ 149
MENDOTA	\$ 7,129	\$ -	\$ -	\$ 7,129	135	\$ 53
FIREBAUGH-LAS DELTAS	\$ 37,823	\$ -	\$ 33,593	\$ 4,230	204	\$ 21
CLAY	\$ 245	\$ -	\$ -	\$ 245	13	\$ 19
PACIFIC UNION	\$ 300	\$ -	\$ -	\$ 300	21	\$ 14
WEST SIDE	\$ 129	\$ -	\$ -	\$ 129	38	\$ 3
WEST PARK	\$ 100	\$ -	\$ -	\$ 100	68	\$ 1
RAISIN CITY	\$ -	\$ -	\$ -	\$ -	16	\$ -
KINGSBURG HS	\$ -	\$ -	\$ -	\$ -	76	\$ -
LATON	\$ -	\$ -	\$ -	\$ -	46	\$ -
SANGER	\$ 604,016	\$ -	\$ 604,016	\$ -	716	\$ -
SELMA	\$ -	\$ -	\$ -	\$ -	688	\$ -
BIG CREEK	\$ -	\$ -	\$ -	\$ -	5	\$ -
SIERRA	\$ -	\$ -	\$ -	\$ -	271	\$ -
CARUTHERS	\$ 175,000	\$ -	\$ 175,000	\$ -	98	\$ -
MONROE	\$ -	\$ -	\$ -	\$ -	7	\$ -
WASHINGTON COLONY	\$ -	\$ -	\$ -	\$ -	52	\$ -
BIG PICTURE	\$ -	\$ -	\$ -	\$ -	0	\$ -
TOTAL	\$5,845,099	\$ -	\$2,238,149	\$3,606,950	6269	
PER STUDENT	\$ 932.38					\$ 575.36