

THE INSTRUCTIONAL MATERIALS PROGRAM
A SUNSET REVIEW

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INTRODUCTION

This report is submitted pursuant to the "sunset" review procedures enacted by Chapter 1270, Statutes of 1983 (SB 1155).

Chapter 1270 provided that the instructional materials program shall terminate on June 30, 1985. Chapter 1318, Statutes of 1984 (SB 1858), which became operative on January 1, 1985, extended the sunset date to June 30, 1986.

As part of the sunset process, Chapter 1270 requires the State Department of Education (SDE) to review the instructional materials program and submit its findings to the Legislature by December 1, 1983. The department submitted its report in July 1984. Chapter 1270 also requires the Legislative Analyst to review the department's report and submit his own findings, comments, and recommendations regarding the program to the Legislature.

Specifically, Chapter 1270 requires the SDE and the Legislative Analyst to address as many of the following issues as possible:

- (1) The appropriateness of identification formulas used to determine which children have special needs.
- (2) The appropriateness of formulas used to allocate funds and the adequacy of funding levels for the program.
- (3) The effectiveness of the program.
- (4) The appropriateness of local control.

(5) The appropriateness of involvement by the state in monitoring, reviewing, and auditing to assure that funds are being used efficiently, economically, and legally.

(6) The appropriateness of amounts spent to administer these programs.

(7) The appropriateness of having the SDE administer these programs.

(8) The interrelationships among state and federal categorical programs providing this type of assistance.

(9) The characteristics of the target population being served by the program.

(10) The need for the program.

(11) The purpose and intent of the program.

The first chapter of this report describes the textbook adoption process. In Chapter II, we discuss the funding for local assistance and state operations in the instructional materials program. Chapter III consists of a commentary on the recommendations made by the SDE in its sunset review report. Chapter IV summarizes our conclusions regarding continuation of the instructional materials program.

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SUMMARY OF FINDINGS AND RECOMMENDATIONS

I. FINDINGS

- The California Constitution requires the state to adopt textbooks for use in grades K-8. In meeting this mandate, the state adopts instructional materials on a six-year cycle, according to a specified sequence of curricular subject areas.
- The adoption process includes a state-level review of instructional materials designed to (1) ascertain compliance with social content criteria established in state law and State Board of Education guidelines and (2) evaluate educational content.
- There is some evidence that the legal compliance review process may assist in reducing violations of the state's social content criteria for textbooks.
- We have no analytical basis for assessing the effectiveness of the department's process for reviewing the educational content of textbooks submitted for state adoption, but efficiencies may result to the extent that statewide review avoids duplication of similar efforts on the part of local school districts.
- Legislation enacted in 1982 permits school districts to order all K-8 instructional materials directly from publishers, rather than through the State Department of Education. There has not been sufficient experience with this law for us to determine whether it is cost-effective for the department to continue to place textbook orders on behalf of the school districts.

- The department's method of allocating the state's General Fund appropriation to school districts is reasonable.
- The department's sunset report does not explain or justify the costs to the state of administering the instructional materials program.
- The department's report lacks an implementation plan for its proposal to establish a "user verification process for publishers to carry out learner-teacher based evaluations."
- The department is conducting a pilot study to determine whether computerization of some aspects of the adoption process would be cost-effective.
- The department recently has implemented two levels of review for evaluating the educational content of textbooks, which may result in unnecessary duplication of effort.
- The department's request for a state allocation of \$5,000 for each of the 29 Instructional Materials Display Centers is premature, given the department's proposal to conduct a study to determine the appropriate level of support for the centers.
- The statutory formula for determining the state appropriation for instructional materials is not based on an evaluation of the schools' needs; and the department's estimate of these needs is based on unreasonable assumptions.

II. RECOMMENDATIONS

1. We recommend that the State Department of Education (SDE) submit to the Legislature a zero-base analysis of the state operations budget for the instructional materials program. (Page 13)

2. We recommend continuation of the instructional materials program. (Page 24)

CHAPTER I
THE TEXTBOOK ADOPTION PROCESS

Article IX, Section 7.5, of the California Constitution requires the state to adopt textbooks for use in grades K-8. Pursuant to this mandate, the State Department of Education (SDE) oversees an adoption process for K-8 instructional materials. (The state does not adopt textbooks for grades 9-12.)

Adoption Cycle. The adoption process operates on a six-year cycle, with textbooks adopted for individual subject areas according to the following sequence:

- Art, music, bilingual education, and foreign languages,
- Science and health education,
- English,
- Mathematics,
- Reading and literature, and
- Social sciences.

Submission of Materials. The adoption cycle begins with the publication by the SDE of a curriculum framework for the applicable subject. The department subsequently issues to publishers an "invitation to submit materials," usually in September of each year. Those publishers wishing to have textbooks adopted by the state are required to submit samples (approximately 40) of each text submitted. Samples must be shipped to the department and to the 29 Instructional Materials Display

Centers--located throughout the state--where the materials may be reviewed by the public. Comments received from the public are forwarded to the department for consideration in the review process.

Review Process. Textbooks and other instructional materials are reviewed by committees and panels convened by the SDE for (1) compliance with social content criteria established in state law and board guidelines and (2) educational content. The review process generally begins in March and extends through July.

The Education Code requires school governing boards to adopt only those instructional materials which:

- Accurately portray society's cultural and racial diversity (including depiction of males and females and their roles, various ethnic groups, and the entrepreneur and labor), the ecological system and the need to protect the environment, and the effects of tobacco, alcohol, narcotics, and other dangerous substances;
- When deemed appropriate, encourage thrift, fire prevention, and the humane treatment of animals and people;
- Contain the Declaration of Independence and the Constitution of the United States, when appropriate for pupils engaged in the study of social science, history, or civics;
- Do not reflect adversely on persons because of race, color, creed, national origin, ancestry, sex, or occupation; and

- Do not contain any sectarian or denominational doctrine or propaganda contrary to law.

In addition to evaluating instructional materials for compliance with these statutory criteria, the state review process also includes a check for compliance with Board of Education guidelines relating to the depiction of older persons and disabled persons, the use of brand names, and the representation of nutritious foods.

The review process is conducted by a system of committees which in turn are divided into panels. The panels' conclusions must be ratified by the parent committee. Textbooks are reviewed for compliance with the social content criteria by the Legal Compliance Committee and, if necessary, by two appeals committees. Reviews of textbooks' educational content are conducted by Instructional Materials Evaluation Panels, which report to subject matter committees of the Curriculum Development and Supplemental Materials Commission.

The Legal Compliance Committee is selected by the SDE. The department selects the committee members from the general public, attempting to balance the membership in terms of male/female representation, ethnic diversity, and geographic representation. If a panel of the committee rejects an item, the department notifies the publisher, who may offer revisions for consideration by the panel. The publisher or any member of the public may appeal any decision of the panel to a First Level Appeal Committee, consisting of eight members (five from the Legal Compliance Committee and three "independent members"). Decisions of this committee

may be appealed to a Second Level Appeal Committee, consisting of three or more members of the SDE.

Publishers may submit an item for legal compliance review outside the normal adoption cycle. A fee is charged for this review.

The evaluation of instructional materials for educational content is designed to assess factual and technical accuracy, educational value, and quality. The state's Curriculum Development and Supplemental Materials Commission specifies the criteria to be used in this evaluation, based on the curriculum framework for each subject.

The Curriculum Commission appoints the Instructional Materials Evaluation Panels (consisting primarily of teachers and curriculum specialists) to conduct the educational content reviews. Using standardized rating sheets, each panel submits a report to the appropriate Subject Matter Committee of the Curriculum Commission. Based on the panels' reports and comments received from other sources--such as teachers, school administrators, school board members, parents, or other members of the public--the Subject Matter Committee evaluates the instructional materials and submits recommendations for adoption, along with pertinent summary information, to the Curriculum Commission. The commission, in turn, submits its recommendations to the SDE.

Data compiled by the department indicate that the legal compliance review process has reduced violations of the state's social content criteria for textbooks. In fact, there has been a long-term decline in the percentage of instructional materials cited for noncompliance with these

criteria, which may mean that the review process acts as an incentive for publishers to be more cognizant of the social content standards.

We cannot determine analytically the effectiveness of the review process for educational content. Conceptually, the state-level review process makes it unnecessary for individual school districts to conduct their own reviews, thereby resulting in savings to the districts. These savings, however, must be weighed against the outcome of the reviews before the reviews' overall effectiveness can be determined. If, for example, the reviews do not apply appropriately vigorous quality standards, the savings may be offset. Unfortunately, we do not have an objective method for evaluating the outcome of the educational content reviews.

Textbook Adoption. Each September, the SDE convenes a public hearing on the Curriculum Commission's recommendations and adopts the list of approved materials. The board is required to adopt 5 to 15 instructional materials programs--each program consisting of a series of books for specific grade levels.

Textbook Procurement. Once a year, the department publishes a catalogue of state-adopted instructional materials and a list of all materials that have been approved for legal compliance but not adopted. Districts may order state-adopted materials either through the SDE or directly from publishers.

In either case, districts are protected from being overcharged by publishers. The department contracts with all publishers of state-adopted materials in order to establish fixed prices for texts during a two-year

period. Under current law, the price charged to California schools may not exceed that charged to schools in other states.

Existing law provides that whenever the SDE determines that a textbook can be printed by the state at a savings to the school districts, the department may contract with the Office of State Printing to have the text printed. Under these circumstances, the publisher of the textbook receives royalties from the state. State-printed textbooks are warehoused and distributed by the department.

The option of ordering state-adopted textbooks directly from publishers was given to districts for the first time in 1983-84. Consequently, there has not been sufficient experience with this new procurement process for us to determine if it is cost-effective for the department to continue ordering textbooks on behalf of districts. We will review this issue once the data for 1984-85 become available and report our findings and recommendations to the Legislature as part of our Analysis of the Budget Bill.

School districts are permitted to spend up to 20 percent of their instructional materials apportionments for materials that are not on the state's adopted list. The districts also may petition the SDE for a waiver in order to spend additional funds on nonadopted items.

CHAPTER II

FUNDING FOR THE INSTRUCTIONAL MATERIALS PROGRAM

Table 1 summarizes the recent funding history of the instructional materials program.

Table 1

Funding for Instructional Materials
1982-83 through 1984-85
(in thousands)

	<u>Actual 1982-83</u>	<u>Estimated 1983-84</u>	<u>Estimated 1984-85</u>
Local Assistance			
General Fund (grades K-8)	\$41,613	\$59,310	\$62,446
General Fund (grades 9-12)	--	18,250	19,449
Federal funds	<u>--</u>	<u>75</u>	<u>75</u>
Subtotals	\$41,613	\$77,635	\$81,970
State Operations			
General Fund	\$878	\$1,422	\$1,486
Reimbursements	<u>72</u>	<u>138</u>	<u>140</u>
Subtotals	\$950	\$1,560	\$1,626
Totals	\$42,563	\$79,195	\$83,596

Local Assistance. In 1972, the Legislature enacted a measure providing an annual appropriation for instructional materials in grades K-8. This amount was raised by SB 813 (1983) to \$21.18 per ADA in 1983-84,

and is to be adjusted annually thereafter, based on the change in the U.S. Consumer Price Index.

The Legislature fully funded the statutory allocation for instructional materials in 1983-84. It also, for the first time, provided an appropriation for instructional materials to be used in grades 9-12 (\$14.41 per pupil). As a result, the Legislature has significantly increased state funding for this program above the 1982-83 level.

Funding allocations are made to school districts primarily on a per-ADA basis. A small portion of the appropriation is allocated for the procurement of special materials for visually handicapped pupils, emergencies, such as the replacement of materials damaged by fire or flood, and a special augmentation for fast-growing school districts.

Our analysis indicates that the current method of allocating the state appropriation to school districts is reasonable. We discuss the adequacy of the current funding level in the following chapter.

State Administration. The Legislature appropriated approximately \$1.5 million from the General Fund for departmental administration of the instructional materials program in 1984-85. This amount supports 28 positions.

The Level of State Administrative Costs Has Not Been Justified

We recommend that the State Department of Education (SDE) submit to the Legislature a zero-base analysis of the state operations budget for the instructional materials program.

Chapter 1270 requires the department to address, in its sunset report, the appropriateness of administration costs incurred at both the state and district levels in connection with the instructional materials program. The department's report, however, does not provide a justification for the amount it is spending to administer the program. Consequently, we recommend that the Legislature direct the SDE to submit a zero-base analysis of its state operations budget for the instructional materials program. This analysis would be similar to the zero-base reports prepared by the department for the adult education, child nutrition, and surplus property programs pursuant to supplemental report language adopted in the 1980 Budget Act.

CHAPTER III

RECOMMENDATIONS MADE BY THE DEPARTMENT OF EDUCATION

Most of the report submitted by the State Department of Education (SDE) in response to Chapter 1270 is devoted to an identification of "unmet needs" in the instructional materials program. According to the department, the principal unmet needs of the program are:

- o The need to improve textbook quality (which would require improving textbook standards and the process of selecting textbooks for use in the classroom); and
- o The need to provide adequate funding to school districts for the purchase of instructional materials.

The department concludes its report with 24 recommendations designed to address these and other unmet needs. Many of the recommendations involve minor issues, are not controversial, or have already been implemented. In this chapter, we discuss only those recommendations that are significant enough to warrant additional comment.

EVALUATION OF INSTRUCTIONAL MATERIALS

Department of Education Recommendation:

"Establish a user verification process for publishers to carry out learner-teacher based evaluations and to redesign or revise their materials, if necessary, as a result of such evaluations; information obtained in this process can be used in the development of new standards and criteria for materials."

Legislative Analyst's Comment:

We believe that some type of evaluation by users could be helpful to publishers and to state and local boards of education in selecting materials. The department, however, does not indicate how its proposal would be implemented. Specifically, it fails to address such issues as: who would design the evaluation instrument, how would this process be funded, and how would this activity mesh with the existing evaluation process at the state level?

We suggest that the department develop an implementation plan for its proposal, so that the Legislature may give it proper consideration.

INCENTIVES TO SERVE ON EVALUATION PANELS

Department of Education Recommendation:

"Provide incentives, such as college credit, to professional educators who serve as Instructional Materials Evaluation Panels (IMEPs) and, thus, encourage broad participation in the adoption program."

Legislative Analyst's Comment:

Currently, members of the IMEPs are reimbursed for travel and per diem expenses. The department does not provide any evidence that the existing level of participation on the IMEPs is inadequate.

To the extent that additional incentives are needed to increase participation on panels, granting credit for staff development (currently required for credential renewal) appears to be a more reasonable approach than allowing college credits for what is not college coursework.

COMPUTERIZATION

Department of Education Recommendation:

"Utilize current technology to its best advantage in the adoption program; possible applications of technology are: (a) computerization of forms used to evaluate textbooks and instructional materials for legal compliance and educational content and (b) interstate computer communication system for price comparisons."

Legislative Analyst's Comment:

We believe that the application of computer technology to the adoption process may result in more efficient administration of the program. Departmental staff informed us that the department is conducting a pilot study, in cooperation with the Contra Costa County Office of Education, designed to determine whether it would be cost-effective to computerize certain aspects of the instructional materials review process. The results of this study should enable the Legislature to determine what actions in this area are appropriate.

INITIAL SCREENING OF INSTRUCTIONAL MATERIALS

Department of Education Recommendation:

"Eliminate duplication of effort through an initial screening at the state level and publication of useful information from that screening to be used for the local selection process."

Legislative Analyst's Comment:

This recommendation needs clarification. The department's report provides no explanation of what is meant by an "initial" screening. Our

discussions with departmental staff indicate that what the department has in mind is a process of adopting, at the state level, a limited number of textbooks for grades K-8. If this is, indeed, what the department means by "screening," the proposal has already been implemented.

CONSUMER REPORTS

Department of Education Recommendation:

"Assist school districts in the selection process by providing 'consumer reports' and guidelines for both the high school and the elementary levels."

Legislative Analyst's Comment:

The department indicated that it already has contracted with an organization to evaluate state-adopted instructional materials for grades K-8 and provide "consumer reports" to school districts. As a result, there now exist two processes for evaluating the educational content of texts--a review of all materials by the IMEPs and a review of state-adopted materials by a private organization. We intend to review this process to determine if it involves unnecessary duplication of effort. We will report our findings in the Analysis of the 1986-87 Budget Bill.

INSTRUCTIONAL MATERIALS DISPLAY CENTERS FUNDING

Department of Education Recommendation:

"Do a study to determine what an appropriate level of support of Instructional Materials Display Centers (IMDCs) would be and that, in the interim, an allocation of \$5,000 be made to each of the 29 centers."

Legislative Analyst's Comment:

There are 29 Instructional Materials Display Centers (IMDCs) located throughout the state. All instructional materials submitted for state adoption are displayed in these centers in order to permit review of these materials by the public. The IMDCs also serve as regional sites at which (1) materials are reviewed for legal compliance and (2) state-adopted instructional materials are reviewed by school personnel in order to determine which items will be selected for use in the classroom.

Currently, the IMDCs are supported by the school districts and county offices of education in which they are located. The department apparently believes that these costs should be shifted to the state, and proposes to conduct a study designed to determine an appropriate level of support for each center.

Our analysis indicates that the department could conduct a study of funding alternatives for the centers within its existing resources. If such a study is undertaken, however, it should not simply presume that state funding is appropriate, but instead should examine each of the alternatives for supporting the IMDCs. In particular, the study should consider the advantages and disadvantages of relying on county offices of education to continue supporting the IMDCs, using that portion of the state appropriation to county offices designated for unspecified "other purpose" services to school districts.

Until a comprehensive study of the alternatives has been conducted, we believe that the department's request for an allocation of \$5,000 to each center is premature.

ADEQUACY OF STATE APPROPRIATION

Department of Education Recommendation:

"Support legislation that would provide 'full funding' for the purchase of textbooks and instructional materials at the elementary school level."

Legislative Analyst's Comment:

What the department means by "full funding" is not clear. At one point, the report seems to indicate that "full funding" includes the cumulative difference between actual appropriations for K-8 instructional materials during the 1979-80 through 1982-83 period and the statutory amount for these years. This concept of full funding would require a one-time augmentation to the amount appropriated for instructional materials amounting to \$33.7 million.

At another point, the report states that full funding is the amount needed to purchase newly adopted materials and consumable replacements (workbooks, for example) for previously adopted materials. The department estimates that this amounted to \$84,771,750 for grades K-8 in 1983-84, or \$26,146,759 more than the amount appropriated in that year. The report does not specify the derivation of the latter figure. Department staff informed us, however, that the \$84.8 million figure is based on an estimate submitted by the department as background material for legislation introduced in 1983.

Our review indicates that this cost estimate is based on highly questionable assumptions. For example, the estimate is predicated on the

assumption that each pupil at each grade level (K-8) requires (1) a textbook or textbook series in the adoption subject (social science in 1983-84) and (2) consumable materials in most of the other subjects, including reading, spelling and handwriting, and bilingual education. These subjects, however, typically are not part of the school curriculum at all grade levels or are not taken by all pupils in any particular grade.

The department's proposal for "full funding" also fails to account for resources, other than the annual state appropriation, which might be available for the purchase of instructional materials. Two sources of funds designated specifically for this purpose are unexpended balances in the State Instructional Materials Fund, which are carried over from the prior year, and interest earned by districts on state funds apportioned for instructional materials.

Finally, even if the department's estimate of district needs turns out to be valid, it is not clear why the state should bear the full cost of this one item in a district's budget. Other necessary costs of an instructional program--teachers' salaries, for example--are funded jointly, using both state and local district funds. It is not apparent why joint funding for instructional materials is not equally appropriate.

Moreover, there is no basis for concluding that the Legislature intended the state instructional materials allocation to be the sole funding source for each district's needs. In fact, the legislation which established the state categorical appropriation in 1972 stated specifically that the act was not meant to prohibit a district from using its own local general fund monies for purchasing textbooks.

In conclusion, we support the department's effort to determine the amount of funding required by districts to purchase needed instructional materials. In doing so, however, it should consider both the cost of textbooks required by each pupil and the resources available to districts for purchasing those materials.

TAX EXEMPTION FOR INSTRUCTIONAL MATERIALS

Department of Education Recommendation:

"'Stretch' the Instructional Materials Fund (IMF) for elementary schools by eliminating taxes on instructional materials, which would increase school districts' purchasing power by 6 percent."

Legislative Analyst's Comment:

We do not believe an exemption from the state sales tax is necessary or desirable. It is unnecessary because the Legislature can set funding for instructional materials at whatever level it deems to be appropriate. The exemption in no way adds to the Legislature's fiscal flexibility, except to the extent it shifts part of the costs for instructional materials to local governments. Furthermore, this would only be a short-term shift, since, under the Revenue and Taxation Code, the state is obligated to reimburse local governments for the sales tax revenues they lose as a result of exemptions granted by the state. Thus, under the law, the exemption would have the same impact on the state budget as a 6 percent increase in the appropriation for instructional materials.

The proposed exemption is undesirable because it would tend to hide from the public the true magnitude of government expenditures for

education, while weakening the Legislature's control over the budget. In addition, the state would incur increased administrative expense to ensure that the exemption is properly applied.

In sum, we see no reason to exempt instructional materials purchases from the sales tax when the same objective can be achieved in a more appropriate manner.

STATE PRINTING OF TEXTBOOKS

Department of Education Recommendation:

"'Stretch' the Instructional Materials Fund for elementary schools by investigating how state-printed materials can be purchased by school districts that order directly as well as by school districts that order through the state system, so that savings from state printing can continue to be realized."

Legislative Analyst's Comment:

We believe this proposal warrants further study. This study, however, must weigh the potential savings against the delays that districts would encounter if their orders were held up while the State Printer determined whether he could print the books at a savings to the state.

CHAPTER IV
CONCLUSIONS

We recommend continuation of the instructional materials program.

In order to meet the constitutional mandate that the state adopt textbooks for use in grades K-8, the state must have a textbook adoption process. Our analysis indicates that, in general, the Department of Education's process for adopting textbooks and apportioning funds to school districts is reasonable.

There is some evidence that the process of reviewing textbooks for legal compliance has had an impact in reducing violations of the state's social content criteria. We have no analytical basis, however, for assessing the effectiveness of the department's process for reviewing instructional materials for educational content.

Regarding the textbook ordering process, we intend to review the data in order to determine whether, under the recently implemented changes in this process, it is cost-effective for the department to continue to place orders on behalf of the school districts.

We find the department's report to be deficient in providing information on its administrative operations. Given the recent reorganization of the department's instructional materials unit, a zero-base budget report would be particularly helpful in facilitating the Legislature's review of this activity. Accordingly, we recommend in this report that the Legislature direct the department to conduct such an analysis.

Regarding local assistance, we find no evidence that the statutory formula for determining the state appropriation for instructional materials is based on an empirical evaluation of the schools' needs. We also find, however, that the department's estimate of these needs is based on unreasonable assumptions. Accordingly, we suggest that the department refine its techniques for deriving this estimate.